

30 JANUARY 2009

SENQU MUNICIPALITY



ANNUAL REPORT 2007/2008

VISION STATEMENT

“To be an efficient and democratic institution, able to provide quality and affordable services and promote sustainable development and growth of her citizenry through integrated planning and optimal use of resources, thus creating a better life for all.”

MISSION STATEMENT

“Senqu Municipality will strive to create a conducive environment for active citizenry in governance, provide efficient and affordable quality services and stimulate economic growth through effective planning and democratic practices.”

BROAD DEVELOPMENT GOALS

***Meeting basic service delivery and access to free basic services
Institutional Development and Transformation Economic
Development and Transformation and Growth
Municipal Financial Viability and Management
Good Governance***



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CHAPTER

1.

INTRODUCTION

AND

OVERVIEW

1.1. **MAYOR'S FOREWORD**

It gives me great pleasure to be able to present to you Senqu Municipality's Annual Report for the period 2007-2008.

Senqu Municipality has made every effort during this period to focus its priority areas on DPLG's 5-year strategic agenda for Local Government, aimed specifically to improve the performance of South Africa's Municipalities.

The three (3) key priorities (which have been highlighted within this strategic agenda) are reflected on below within the context of the Municipality's functioning and has informed the institutional performance priorities as drawn from the reviewed Integrated Development Plan:

- Improved and enhanced Municipal governance, performance and accountability;
- Addressing the structure and governance arrangements of the Municipality in order to ensure a strengthened and well governed infrastructure and
- Ensuring refinement, strength, regulatory and fiscal policy and application internally in order to ensure greater fiscal management and management of risk.

Accordingly, and as will be seen from the report that follows, targets in line with these objectives have been set and in most cases well achieved.

These targets have included a number of successes, such as :

- Improving Basic Service Delivery and Infrastructure Investment with targets all indicating achievement during 2009;
- Institutionalising Performance Management (already successfully implemented at a s57 Management level);
- Revisiting the organizational structure and filling of vacant posts so as to ensure that the infrastructure meets the needs of the organisation.
- Improvement of Local Economic Development
- Improvement of Financial Viability and Financial Management; and the
- Strengthening of good governance, community participation and ward committee systems.

As per the ANC's Election Manifestos, emphasis has been placed on making "Local Government work better" and this has effectively meant growing and developing Senqu Municipality to reach a stage where it has achieved and obtained all the required and necessary resources to meet the stated objectives and need for growth.

It remains our intention to grow and develop Senqu Municipality so that it becomes strong enough to withstand the local and regional economic impacts and to enable it to adjust to the infrastructure and operational needs, in order that the community needs as identified within the IDP are addressed. As indicated within this report, whilst many of these ideals have been met, challenges continue to develop and grow and it becomes our ongoing mandate to continuously evolve and to develop so as to ensure that we are able to meet our mandates.

Having achieved so much thus far, these achievements were also marred by the sad and untimely death of our fellow Councillor, Speaker, comrade, colleague and friend, Cllr D Mqungquthu. We greatly mourn his sad passing and the loss not only to his family but to Senqu Municipality. His presence will be sorely missed.

May we grow from strength to strength on our never-ending journey of discovery and achievement as we begin to round the corner towards 2010.

Z I DUMZELA – MAYOR

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Date

1.2. **MUNICIPAL MANAGER'S REPORT**

This past financial year has once again proved to be a time of challenge, opportunity and considerable success in many areas. In all instances, we must be ever mindful of the critical role that is played by the political leaders, management and staff of Senqu Municipality to eliminate poverty and inequities and to provide a preferred place in which to live, develop and grow.

In order to achieve this, a strong administrative arm is required and it is critical that efficient and effective administrative support is present as a core support mechanism (especially to leadership and management).

As far as this is concerned, we have certainly delivered on a number of initiatives that may be seen to have contributed greatly towards stabilizing and strengthening our administration. More specifically, these include the following completed activities and projects :

- Infrastructure development by : extending the municipal offices (plans complete and approved and funding is to be secured);
- Review of the organogram which has resulted in a structure which has the ability to accommodate improved service delivery and which has enabled the appointment of key strategic personnel while providing for succession planning and career path planning. These changes are critical in ensuring that efforts are made to attract and retain staff and to reduce/combat the skills shortage currently experienced.
- The File Management System has been reviewed in order to improve its effectiveness;
- Disciplinary action and activity regarding suspended senior staff has been concluded and disciplinary action and performance problems are being addressed promptly and correctly;
- Equity and other Statutory Reports are being submitted timeously;
- The Workplace Skills Development Plan has both been developed and implemented as required;
- Performance Management is well advanced among s57 staff and evaluations are ratified by the Remuneration Committees and Consultant.
- Performance Agreements are directly linked to the IDP and SDBIP's.
- Vacancies are required to be tightly controlled and filled effectively and correctly

- Departmental Structure Reviews remain an ongoing process to ensure career pathing and further development of staff and
- A Human Resources Turnaround Strategy has been developed and is being implemented.

Notwithstanding these successes, a number of challenges remain and these are outlined further as follows:

- The development and application of a more successful joint venture and participation strategy between Ukhahlamba District Municipality and Senqu Municipality in order to ensure greater participation and involvement;
- The finalisation of the related projects of : TASK Job Evaluation Results and the implementation of the Wage/Salary Curves.
- Turnover of staff and loss of skills;
- Addressing the skills shortages in critical and technical areas by means such as : Conditions of Service, Performance Management, contract posts and the like. An extensive benchmarking and alignment exercise is still required to be completed for all contract staff;
- Extending PMS to lower levels as part of a phased-in approach and inclusive of rewards and incentives (Finance & Technical);
- On the financial front, the appointment of the PMS Audit Committee, the introduction of an Electronic PMS System linked to SDBIP's and the introduction of more effective monitoring and evaluation systems to ensure the implementation and reporting on financial systems and projects;
- As per the Audit Report, in order to ensure full compliance the mid-year performance report must be included with the Annual Report; similarly, all performance documentation in terms of system/policy/performance reporting is to be provided to the Auditor General in respect of assessment of Managers (Performance Management); and
- Ensuring ongoing co-ordination and integration within the administration for better services.

Again, I must acknowledge the many men and women at both a political and organization level who continue to serve with the loyalty, commitment and integrity, which enables this organization to achieve and manage challenges as they present. I am ever thankful for your support and look forward to the challenges and opportunities of the 2008/2009 financial year.

M M YAWA
MUNICIPAL MANAGER

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Date

1.3 **EXECUTIVE SUMMARY**

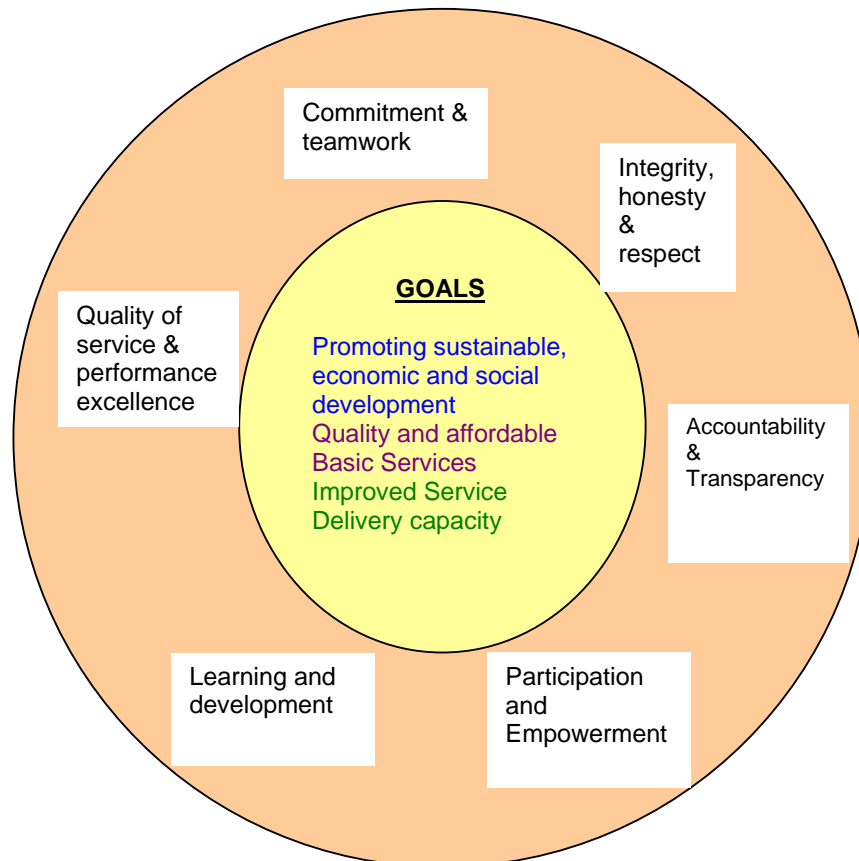
It is the intention of the Executive Summary to provide you with a statement and account of the overall goals, priorities and direction of this Municipality. In this manner, a clear understanding will be obtained regarding the organizations direction and focus and the manner in which it is intended that this will impact positively on the community. An account of the financial health of this Municipality will also be provided together with a narrative on administrative issues and considerations, which have impact on the overall operations within this Municipality.

Overall Goals and Priorities

As per the overall mission and vision (as reflected on page 2 of this document), it is the overall goal and objective to provide quality and affordable services to all in a manner that allows sustainable development and a better life for the broader community within this area.

Ultimately, this translates more practically into three (3) overall goals for Senqu Municipality, which are in turn underpinned by a number of core values. These goals are reflected in the diagram that follows as the core of Senqu Municipality and surrounding these and part of day to day functioning are the core values.

CORE VALUES



These core values are required to translate into lived values and are required to resonate in all aspects of service delivery and goal attainment. By giving effect to these values, service delivery must improve and this will lead to improved and more effective quality and affordability of services, while creating opportunities for the promotion of sustainable economic and social development. In this manner the community will benefit at every level, hence achieving the vision and mission of the organisation.

Key Performance Areas

As per the Integrated Development Plan (IDP), the following Key Performance Areas have been identified as the area of focus for the year under review and will focus on the effective handling of underdevelopment and poverty:

- Good governance and effective administration
- Sustainable infrastructure development
- Sustainable Basic Services
- Economic Development
- Environmental Management
- Social Development
- Financial Viability
- Empowerment of Youth, Women and the Disabled
- Safety and Security

These key performance areas will be addressed within various aspects of the reports which follow.

Financial Health

The report of the Auditor-General and Audit Response has been included under Chapter 4 of this report.

Notwithstanding the submission of the required financial statements and reporting, certain qualifications were received from the Auditor-General's Report and as per the Audit Response, every effort is being made to ensure that these issues are correctly addressed.

Notwithstanding these issues, Senqu Municipality remains financially viable.

Administrative Considerations

An efficient and effective administration is critical to ensuring a successful political leadership and is ultimately responsible for assisting in the elimination of poverty and inequalities.

Over the period under review Senqu Municipality has had particular success in stabilising its administration and of particular note have been:

- The review of the organogram and appointment of key personnel;
- The development and implementation of the Workplace Skills Development Plan;
- Departmental structural review and
- The implementation of Performance Management at designated levels.

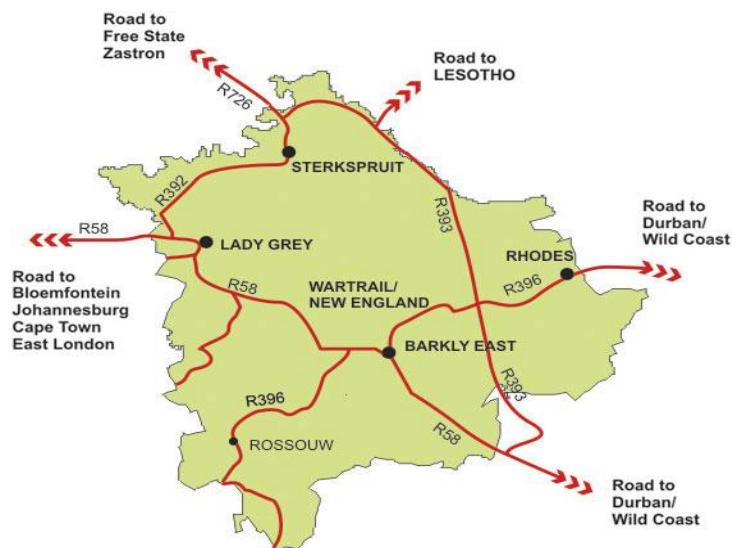
Notwithstanding, challenges remain and it is imperative that the organisation remains focused and committed towards addressing these challenges and fulfilling ongoing legislative commitments.

1.4 **GEOGRAPHICAL CONTEXT**

Senqu Municipality was established during December 2000, as a result of the amalgamation of the following Local Authorities and towns :

- φ Lady Grey (including Transwilger and Kwezi Naledi);
- φ Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- φ Sterkspruit;
- φ Rhodes (including Zakhile); and
- φ Rossouw
- φ Portion of Wodehouse (Dordrecht) and Indwe

Senqu Area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



As the largest Municipality in the Ukhahlamba District Municipality, Senqu Municipality covers an area of 6772km². A unique feature of this Municipality is the fact that it sits on the border between the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province.

The R58 and R392 are the key transport routes through this Municipality and these then link onto the N6 at Aliwal North.

DEMOGRAPHIC

Population Figures

Senqu Local Municipality has a population of approximately 135 141 people residing in 34 044 households (census 2001). The population has grown relatively fast from 1996 (18 836) to 2001 (135 141) at 84.2%, at an average of 16.8% per annum. This population accounts for 39.59% of the total population residing in the Ukhahlamba District. (Refer to Table 1)

Table 1 : Total population and households figures (2001 census)

NAME	POPULATION	POPULATION AS % OF DISTRICT	POPULATION AS % OF PROVINCE	NO. OF HOUSEHOLDS	HOUSEHOLDS AS % OF DISTRICT	HOUSEHOLD AS % OF PROVINCE
Senqu Municipality	135 141	39.59%	2.10%	34 044	40.20%	2.20%

Population Projections

Based on the modelling done by the Department of Health (District Health Information System) and using the statistical models provided by StatsSA, the projected population of Senqu Municipality is as follows :

Table 2 : Population Projections

	PROJECTED POPULATION	
AREA	2006	2009
Senqu Municipality	134,924	133,086

While these figures are disputed (even by the Department of Health) who have the best interaction with community-based statistics and who have identified a severe undercounting especially of children), these are taken as to represent Senqu and the Ukhahlamba district area.

It is critical to note that based on current modelling, it is expected that the population will be decreasing in the area due to the affects of out migration, as well as due to the impact of HIV/Aids.

Rural vs. Urban Population

According to the 2001 Census, 49.6% of households are rural in nature; this includes rural villages and farm households. This dynamic is shifting with the phenomenon of urban in-migration occurring in Senqu Municipality. This is especially evident in the Sterkspruit area, where population has increased from 6181 in 1996 to approximately 110 223 in 2001. This figure will further increase due to the number of houses being built in the area.

NAME	NO. OF RURAL HOUSEHOLDS	% OF TOTAL HOUSEHOLDS	RURAL HOUSEHOLDS AS % OF PROVINCE	NO. OF URBAN HOUSEHOLDS	% OF TOTAL HOUSEHOLDS	URBAN HOUSEHOLDS AS % OF PROVINCE	TOTAL NO. OF HOUSEHOLDS
Senqu Municipality	28 920	49.58%	3.03%	4811	18.24%	0.73%	33731

Age and Gender

Approximately 53.13% of the municipal population falls in the 15-65 age categories, which can be seen as the economically active sector of the population, with 41% of the population below the age of 15. This suggests continuing population growth in the area with a need for education facilities and a focus on education and skills training.

The table below details the gender split, with 46.85% of the population being male and 53.15% female (Census 2001)

2001		2001	
FEMALE	MALE	FEMALE	MALE
71 834	63 310	10 140	8 696

This may be ascribed to migrant and commuter labour which has resulted in many households having a woman as the head of the household and the chief breadwinner living away from the home. This will also impact on the type of development that may occur, especially with regards to manual labour-type employment.

Employment and Income

EMPLOYMENT

Senqu Municipality's three (3) key economic sectors are Agriculture, Services and Tourism sectors, with the latter, Tourism, having the potential to grow.

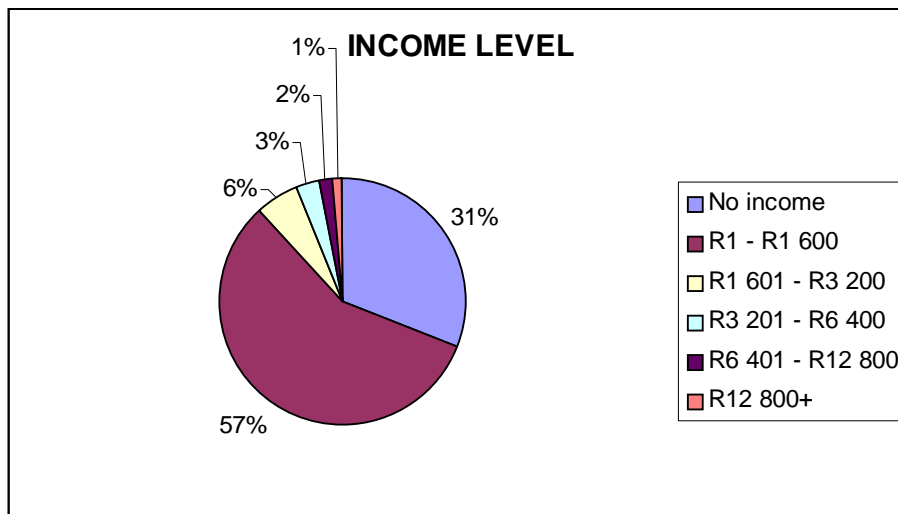
According to Census 2001, the average unemployment rate of Senqu Municipality is 32%. This figure only includes those individuals that are actively seeking employment. A total 85% of total workforce in Senqu is inactive. It is therefore imperative that there are strategies to stimulate Local Economic Development.

About 8.28% (about 11 350) of the population is formally employed; about 10.15% (about 13 913) is actively seeking employment. About 38.3% (about 52 500) of the households earn nothing (i.e. unable to report a constant source of income).

Approximately 88% of households earn less than R1 500 per month, which is below the Household Subsistence Level of the Province.

INCOME LEVEL

The data from the Census 2001 revealed that 88% of the households in Senqu Municipality earn below R1 500 per month. This has implication with regard to affordability of services and the sustainability of these services. Many people are dependent on social grants.



Employment Sectors

In general, skills levels are low throughout the district, with the majority of residents reliant on government/community services for employment or primary economic activities such as Agriculture. These two (2) sectors employ 69% of the formal workforce.

Occupational Skills Levels

About 39% of Senqu Municipality workforce is made up of elementary or unskilled workers, the largest percentage in the district. Senqu Municipality has low levels of senior management and technical staff, 3% and 4% respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes.

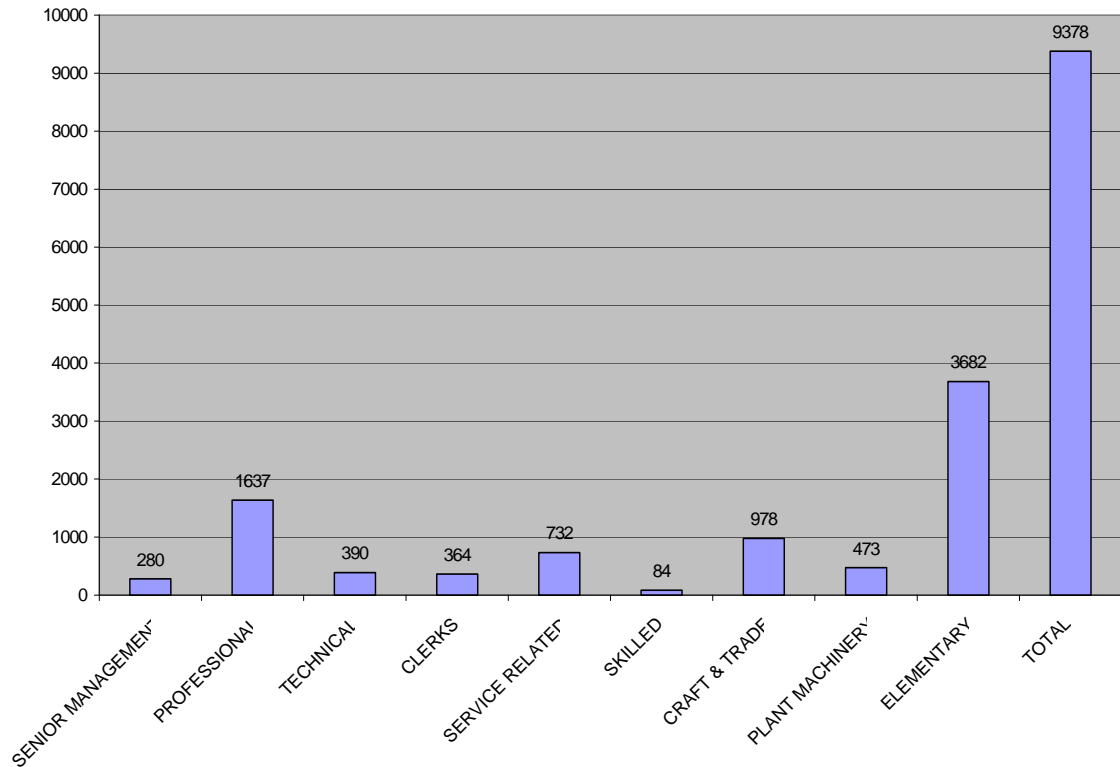


TABLE INDICATING SKILLS (OCCUPATION) SOURCE

Employment

It is estimated that :

- 13% of population formally employed
- 18% actively seeking employment
- 17% households have no steady income
- 83% of remaining households earn less than R1 600 per month

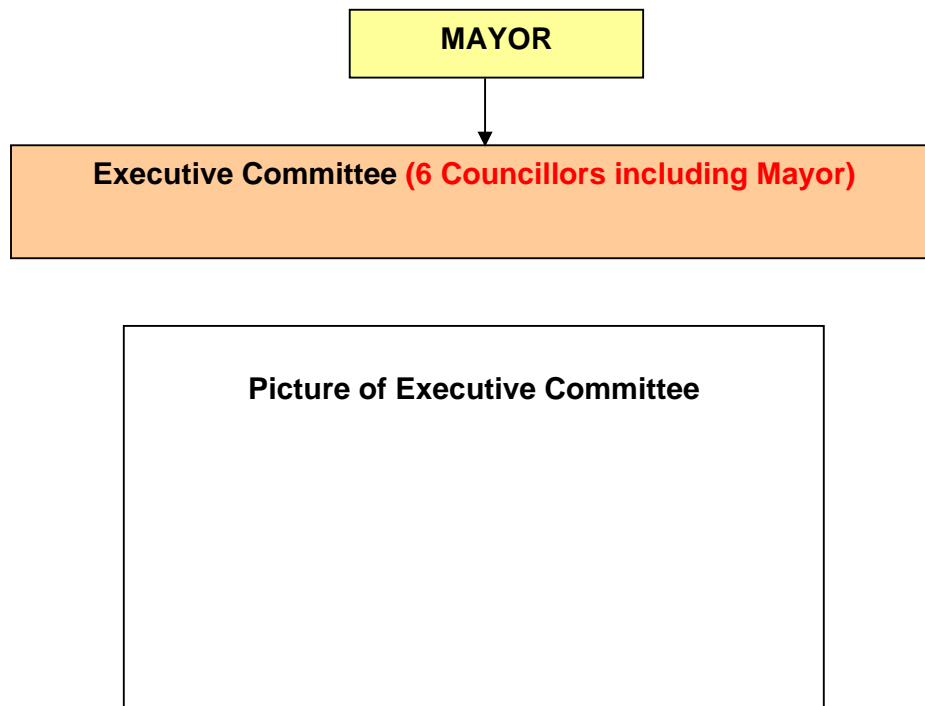
Note : This figure is below the Household Subsistence Level for the Province.

1.5. **GOVERNANCE AND ADMINISTRATION STRUCTURE**

1.5(a) Political Structure

As per Municipal Structures Act 1988, Senqu Municipality has a Collective Executive System.

As a democratically elected Category B Municipality, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Senqu Municipality was established as a Collective Executive Type.



Executive Committee

Chairperson : Mayor, Cllr I Dumzela
Cllr C C Mbulawa
Cllr P August
Cllr G N Mbonyana
Cllr M M Mafilika
Cllr N Kuse

Speaker : Cllr D Mqungquthu (deceased)

Chief Whip : Cllr Mafilika

Ward Committees

Sixteen (16) Ward Committees have been established, as a result of s72 – 78 of the Municipal Structures Act. Each Committee is chaired by its respective Ward Councillor.

Ward Committees exist in order to provide a legitimately recognised forum. Submissions to Council are made via the respective Ward Councillor. In this manner, a consultative community structure is created and maintained.

Standing Committees

Standing Committees have been created in accordance with s79 and s80 of the Municipal Structures Act (Act 32 of 2000) and s160 of the Constitution.

Standing Committees have been created in order to assist the Mayor and Council in order to be better informed about issues requiring Council input and decision making. Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments/sections that they represent within these Ward Committees. This process enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections and ensure that Council is able to make informed decisions within these areas.

The following Standing Committees have been established:

- φ Housing & Estates
- φ Budget & Treasury Office
- φ Corporate and Support Services
- φ Community and Social Services
- φ Technical Services

Standing Committees are chaired by Mayoral Committee members and include members from political parties.

Members of Standing Committees :

Housing & Estates

Chairperson : Cllr Mafilika
Councillors : M Mpelwane
 L Tokwe
 J Lamane
 A Sobhuza

Budget & Treasury Office

Chairperson : Cllr Kuse
Councillors : M Stanley
J Constable
A Mateisi
N Kwinana

Corporate & Support Services

Chairperson : Cllr V Mbulawa
Councillors : I Elia
L Booi
N Nombula
M Ncise

Community and Social Services

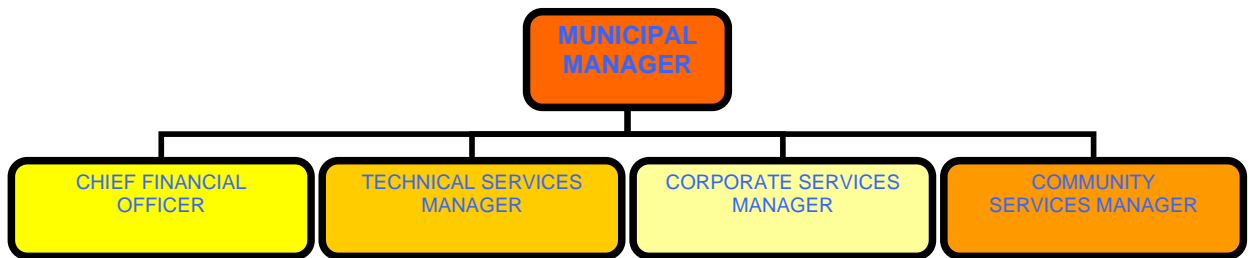
Chairperson : Cllr G Mbonyana
Councillors : A Kwinana
M Ngendane
M Bingwa
B Juju

Technical Services

Chairperson : Cllr August
Councillors : G Parkies
S Ndzongana
G Mvunyiswa
M Moeletsi

There are 32 Councillors in total. These are made up of 16 Ward Councillors and 16 Party Representatives.

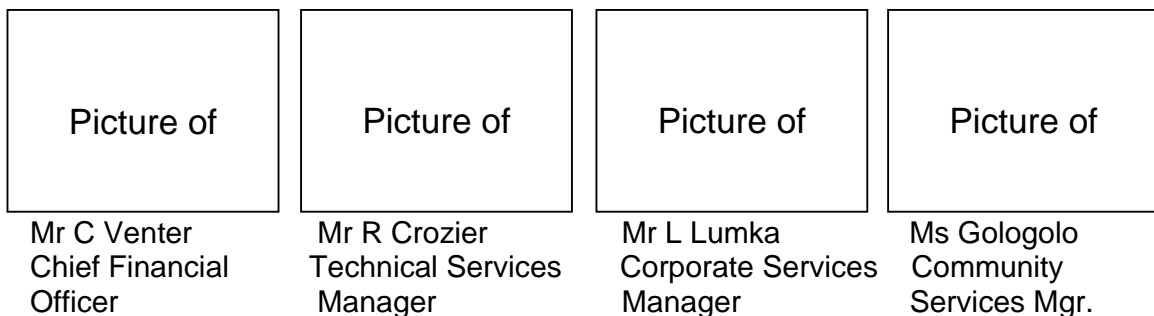
1.5(b) ADMINISTRATIVE STRUCTURE



Four (4) departmental heads report to the Municipal Manager as follows:



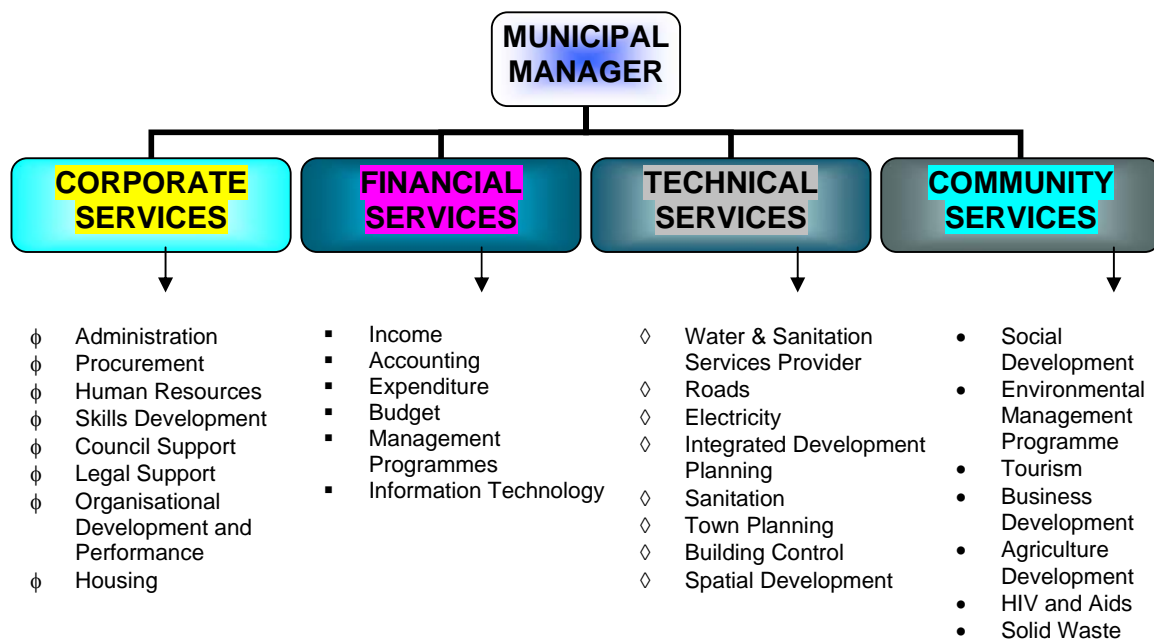
Mr Yawa, Municipal Manager



Each department develops annual strategic service delivery and budget implementation plans, which are based on annual objectives to ensure that IDP objectives are met as required.

It is the task of this administrative team and its support staff to ensure that they provide the necessary administrative support and structure in order to ensure that the organisational strategic objectives are met.

FUNCTIONAL STRUCTURE



1.5(c) THE INTEGRATED DEVELOPMENT PLAN IDP

In accordance with Section 34 of the Municipal Systems Act (Act No 32 of 2000), together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No R796/2001, Senqu Municipality completed its first IDP in 2002 – then and then again in May 2006, whereafter it was reviewed annually.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality initiated the review of the IDP during October/November 2007 run in conjunction with the 2007/2008 budget process, as is required by the new Municipal Finance Management Act.

The key themes arising out of these strategic meetings and outreach programmes and informing the development of the IDP Review (2007/2008) were a focus on service delivery, including the way existing services are delivered and maintained, with emphasis on the following focus areas:

- ❖ Institutional Capacity
- ❖ Institutional Restructuring
- ❖ Water and Sanitation
- ❖ Addressing HIV/AIDS
- ❖ Stimulation of the economy with emphasis on agriculture
- ❖ Roads & Stormwater
- ❖ Electricity Provision and
- ❖ Housing Provision and Acquisition of Land.

Role of Integrated Development Planning in Municipal Activities

Service delivery and effective administrative and operational functioning within a municipality requires synergy and management between three essential tools, namely:

- a development plan;
- a budget; and
- a performance management system, which will ensure ongoing monitoring and management of processes, systems and operations.

These three tools are interrelated and no single one of these can operate effectively without the other.

Within the context of a municipality, the IDP represents the tool which drives the organization in terms the final delivery of a strategic plan and objectives. These plans and strategic objectives form the foundation of discussions to establish an appropriate budget which will facilitate the achievement of these strategic goals through adequate planning and provision of required resources. As enablers, the Performance Management System (PMS) and the Service Delivery Budget Implementation Plans (SDBIP), provide the focal source of management, implementation and monitoring --- thereby facilitating achievement and attainment of goals.

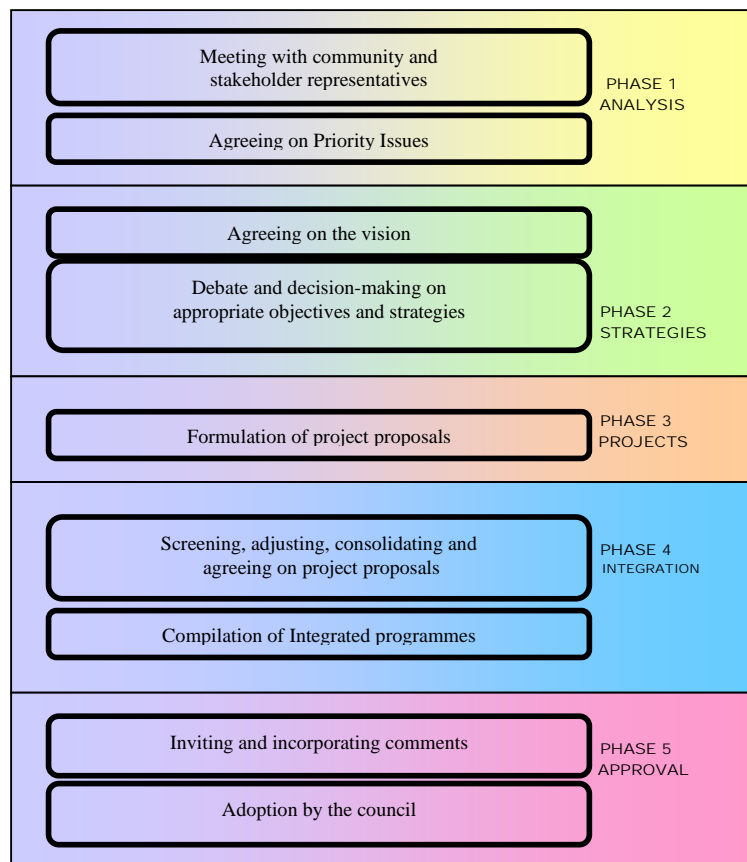
Use of these tools as critical enablers to this process will ensure that: the budget is implemented, performance of the municipality is monitored and that the strategic objectives of Council are met.

The IDP Process

Guidelines in the development of the IDP have been provided by the Dept of Provincial and Local Government and this process involves 5 distinct phases, namely: Analysis, Strategies, Project Formulation, Integration and Approval. These phases are illustrated in the diagram that follows.

While the guides generally represent this process as a systematic process of IDP preparation, day-to-day reality within the Senqu Municipal environment has required that many discussions occur amongst all stakeholders and this process is then defined over time (constantly shaping and reshaping) until consensus is reached. The final approved IDP document is also modified over time in order to acknowledge various external and internal factors as they impact on and reshape strategic focus over time. The IDP ultimately reflects as a living document that is required to respond to changes in the development environment over time.

Figure 1.1: The Generic IDP Process



Preparation: IDP Planning

The planning and development of the IDP requires the development and interaction of the following structures --- each with their specific role and responsibility within this process:

- IDP Manager
- IDP & Budget Steering Committee
- IDP & Budget Representative Forum
- IDP & Budget Technical Committee

IDP Manager

The Municipal Manager is required to perform the function of the IDP Manager at a strategic level and this is legislated in terms of Municipal Systems Act.¹ Their chief role and responsibility is to ensure the overall co-ordination and management of the IDP process and to submit the draft IDP Plan to the municipal council for adoption by Council.² While the Municipal Manager has the function as defined in the Act, the Chief Financial Officer and the IDP and Budget Officer have been delegated with the functional activities of preparing this document.

¹ Section 30 (b) of the Municipal Systems Act, Act No. 32 of 2000

² Section 30 (a) – (c) of the Municipal Systems Act, Act No. 32 of 2000

IDP & Budget Steering Committee

For the past 5 years, Senqu Municipality has formed part of the Ukhahlamba District Municipality IDP Steering Committee.

For the purposes of compilation of our IDP document, it was agreed that all Heads of Departments and the Executive Committee would serve on the IDP & Budget Steering Committee.

Structure	Members	Terms of Reference
IDP & Budget Steering Committee	<p>Chair: Mr. M.M. Yawa (IDP Manager/ Municipal Manager)</p> <p>Secretariat: Mr. S. Faku (IDP & Budget Officer)</p> <p>Composition: Section 57 Managers, all senior staff and departmental secretaries</p> <p>Executive Committee members</p>	<ul style="list-style-type: none">• Provide ToR for various planning activities• Commissions research studies• Considers and comments on:<ul style="list-style-type: none">• inputs from sub-committee study teams and Service Providers• inputs from National & Provincial departments and support providers• Processes, summaries and documents inputs• Makes content recommendations• Prepares, facilitates and documents meeting

IDP & Budget Representative Forum

Senqu Municipality IDP & Representative Forum permits any organisations/institution/individual to become part of its IDP & Budget Representative Forum providing the following criteria are met: -

- Individuals have required expertise and experience;
- Organisations/institutions have local representation;
- Representatives of the Ukhahlamba District Municipality
- Ward Councillors;
- Provincial sector departments; and
- Parastatals

The Representative Forum serves as an ad hoc institutionalised body for public representation to ensure the following: -

- Representation of interests of constituencies;
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders;
- Communication between all the stakeholders' representatives; and
- Monitoring of the performance of the planning and implementation process.

The following sets out the structure and responsibilities of the Senqu Representative Forum: -

Structure	Members	Terms of Reference
IDP & Budget Rep Forum	<p>Chair: Mayor: Cllr Dumzela</p> <p>Secretariat: S. Faku</p> <p>Composition:</p> <ul style="list-style-type: none"> • All councillors • HODs • Ward committees • CDWs • Stakeholder representatives of organized groups • Community representatives • Reps from Sector Departments • Advocates for unorganized groups 	<ul style="list-style-type: none"> • Represents interests of their constituencies in the IDP processes • Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government. • Monitor performance of the planning and implementation processes • Participates in the process of setting up and monitoring KPIs in line with the Performance Management Manual.

Participation Strategy

All stakeholders were provided with an opportunity to participate in all the phases of the IDP process. To ensure effective participation the following structures were entrusted with the following tasks: -

- Municipal Manager: Co-ordinate participation by all structures;
- Council – To ensure the democratic involvement of people in governance;
- IDP & Budget Steering Committee – Serve as a resource to the representative forum by advising and integrating the forum inputs;
- IDP & Budget Representative Forum – Serve as a public forum for debates where various interest groups have the opportunity to influence Municipal planning decisions; and
- Ward Committee Meetings to obtain local needs and priorities.

Over time agreement was reached with the Ukhahlamba District Municipality to enhance public participation within the area of jurisdiction of Senqu Municipality. Within the District Mayors Forum (2006/2007), it was discussed and agreed that a joint public participation approach would be followed whereby the District would attend selected ward committee meetings in support of local initiatives and outreaches.

Despite this approach not achieving the degree of success originally planned, it did facilitate the flow of information between the local and district spheres, and the submission of development needs from Wards to the Municipality.

IDP Process

The following process was followed in the formulation of Senqu Municipality's IDP.

Phase 1: Analysis

The IDP process was initially designed to involve a simultaneous analysis of both local and district municipal issues and this was intended to enable Local Municipalities to formulate a “birds eye” perspective of the existing situation within the broader District perspective. For various reasons the District Municipality undertook the majority of this analysis and the analysis of the area. Nevertheless, localised priority needs as well as emerging issues faced by Senqu Municipality were discussed within the Representative Forum meetings.

Phase 2: Objectives and Strategies

Objectives and strategies were discussed within the Representative Forum meetings as well as among the political leadership of the district and it was felt that there was no real change to the higher-level strategies for development of the district area or in our area. Issues such as forestry, community capacitating, involvement of sector departments, and broader agrarian developments were included in the higher-level strategies.

From a timing perspective, certain administrative and political processes overtook plans for workshops during this phase of the process, and this negatively affected the planning agenda. Participation in the **District's Growth and Development Summit** and Provincial IDP Engagement Week also took focus away, but this was complimentary to the IDP process and the outcomes of the Summit (in the form of the GDS Agreement) have been incorporated into the strategic framework of our IDP.

Phase 3: Projects

Having identified strategies, objectives and key performance indicators, project teams developed project outlines.

Phase 4: Integration

The projects were analysed to assess their relationship to the strategic objectives, targets and strategies, sectoral programmes and alternative funding sources. Various broad programmes were devised to cluster projects and the integration documentation formulated for discussion with government departments, agencies, Parastatals and funders.

Phase 4: Approval

Following publication of the draft IDP for public comment, the Council will give consideration to the contents of the plan and the comments of the representative forum and general public. Council approved the reviewed IDP in April 2008.

CHAPTER

2.

PERFORMANCE

HIGHLIGHTS ON

SERVICES DELIVERED

AND SERVICE

DELIVERY APPROACH

2.1. **PERFORMANCE HIGHLIGHTS**

Senqu Municipality is involved in the provision of many and varied services to its community. At times these services are provided independently and in other instances, service provision is completed together with other organisations; spheres of government; businesses; and/or non-governmental organisations.

This chapter will highlight the services provided by the various departments of Senqu Municipality and will discuss these within the following tables provided :

2.1.a **MUNICIPAL MANAGER'S OFFICE**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMUNICATIONS & CUSTOMER RELATIONS	<ul style="list-style-type: none"> Improve customer relations and communication Customer satisfaction survey Engage with local communities as to their satisfaction with services rendered by the Municipality (Mayoral outreach programme) Develop a Communication Plan & Implementation of communications strategy 	<ul style="list-style-type: none"> Suggestion boxes placed at buildings in the units – near pay points Customer care survey Planned to undertake Customer Satisfaction Survey Currently through Mayoral Outreach Programmes Engage Communities whilst Undertaking IDP review /budget process Planned to develop Communication Plan & strategy 	<ul style="list-style-type: none"> Customer relations needs to be filtered throughout the organisation Dedicate staff to the function Planned survey to be included in the Bulling accounts Established Mayoral Outreach Programmes In progress to be completed in 2009

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
IDP	<ul style="list-style-type: none"> Utilise the municipality's website as an information, education and marketing portal Strategic Management & Implementation of integrated IDP Approved IDP and Budget policy Strategically manage timeous implementation of projects and expenditure control 	<ul style="list-style-type: none"> Communications strategy to be implemented Well marketed and effective internal and external communication Undertake IDP review /budget process IDP developed and reviewed annually Budget Policy Approved Plans aligned to budget and SDBIP'S. Timeous Planning to enhance implementation of and financial expenditure 	<ul style="list-style-type: none"> Website is fully operational land maintained Not being able to reach all communities in the medium and language of choice. The high costs of printing and advertising which limits the production of publications and adverts. Funding Constraints Achieved SDBIP'S - Quarterly reporting Implement Planning Programme and Improve on implementation processes

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
IDP PLANNING AND PROJECT MANAGEMENT AND IMPLEMENTATION LED HOUSING PERFORMANCE MANAGEMENT	<ul style="list-style-type: none"> Strategically management & Planning of all projects - timeous implementation of projects and expenditure control Economic growth and development Strategically manage Delivery of Housing opportunities Strategic Management & Implementation of institutional scorecard PMS Scorecards populated and agreements developed PMS system developed (per Performance regulations promulgated August 2006 PMS Audit Committee 	<ul style="list-style-type: none"> Improve service delivery and Financial viability and growth for Municipality Create an enabling environment for economic growth and development Implement LED Strategy Implement skills audit municipal wide and put in place development plans plan to enhance job opportunities, investment and economic growth Promotion of Housing Policy and provision of low costs Housing through costs subsidy Plans to implement Developed and populated S57 phase-in system to broader spectrum of employee Scorecards are aligned to IDP , budget and SDBIP'S System in place PMS Policy Developed/requires review Planned phased-in approach to middle management levels Not appointed currently 	<ul style="list-style-type: none"> SDBIP'S - Quarterly reporting Intervention and mentoring strategies to be put in place LED Strategy in place Requires implementation Skills audit to be undertaken Monitoring Implementation housing delivery strategy Implement interventions / strategies to Overcome Challenges facing housing delivery UKDM appointed Siseko Consulting to implement District wide Institutional Scorecards Grants received from MSP and Provincial Government for PMS Funding remains a constraint Capacity remains a constraint Scorecards are aligned to IDP, budget and SDBIP'S PMS currently being phased in at middle management level PMS agreements and scorecards being developed and will be completed by June 2009 PMS Policy to be customized and reviewed /incentive Internal Audit Committee nominated Cllr/s & External Consultant on PMS Audit Committee Formal PMS audit committee to be established

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
CORPORATE GOVERNANCE & PUBLIC PARTICIPATION	<ul style="list-style-type: none"> Ensuring that Governance issues are processed correctly Implement Plan for good governance Internal Controls Codes of Conduct Implementation of Delegation Register – roles and responsibilities Risk Management Plans 	<ul style="list-style-type: none"> Establish Internal Audit Committee to enhance internal Controls and receive improved Audit report Develop Remuneration Policy and appoint remuneration committee Establish Register of Interest Presented to staff and Councillor Improved organizational efficiency Fraud Prevention Policy Anti –Fraud and Corruption Measures to be introduced 	<ul style="list-style-type: none"> Established Policy in Place and Committee Established and appointed Established Continuously Developed /workshopped and adopted by council
PUBLIC PARTICIPATION	<ul style="list-style-type: none"> Compliance with statutory requirements for participatory democracy and ethical standards Implement meeting control document (chapter 4 of the systems Act) Functional ward committees 	<ul style="list-style-type: none"> Implement control document on meeting requirements in terms of chapter 4 of the systems Act Plan for 	<ul style="list-style-type: none"> Policy in Place requires proper implementation and measures to be introduced In Progress Control document in place Enhancing Community participation s by Engaging communities through Mayoral Outreach Programmes whilst Undertaking IDP review /budget process Functional ward committees in place & trained Compliance in regards to statutory requirements for democracy & ethical standards

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
SOUND FISCAL MANAGEMENT/ MUNICIPAL FINANCIAL VIABILITY	<ul style="list-style-type: none"> • Employment Equity Plan & Policy and reporting • SWP Plan & reporting and development & Training • Institutional compliance with MFMA (Act No 56 of 2003) and other accounting practices • Monitor and manage targets set for income and expenditure control • GAMAP/GRAP • Financial Policy 	<ul style="list-style-type: none"> • Employment Equity Plan and Policy in place and reviewed annually • Reporting to EE registry by 1 October • Procurement of Staff in terms of Recruitment & Selection Policy and EE plan & Policy • Legal Compliance • Legal Compliance • Reduce risk • Financial Viability • Legal Compliance • GAMAP / GRAP preparation FOR 2009 • Legal Compliance 	<ul style="list-style-type: none"> • Compliance met legislatively Equity report submitted to Equity Registry within required timeframe • Compliance in terms of Appointments • Compliance met – appointments approved by MM & S57 by council • Reporting Complied with - Development programmes in place • Planned implementation of Risk profile /implementation risk Plan and annual overview on risk management • Establish baseline to determine financial viability and monitor viability in respect of debt coverage and expenditure control – put in place strategy to resolve • Planned to put in place - Revenue enhancement strategy to be put on place • Exception granted until 2009 • Achieved – required to be reviewed per operational requirements

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
BASIC SERVICE DELIVERY	<ul style="list-style-type: none"> • Strategic Management of basic service delivery/provision • Access to free basic services • Ensuring sustainable service delivery Monitor and manage targets set for income and expenditure control • 65 % of households have access to basic levels of water • 80% households have access to basic levels of sanitation • 80% households have access to basic levels of Electricity • 40% households have access to basic levels of solid waste • Strategic Management of Project implementation 	<ul style="list-style-type: none"> • 90% of households have earning less than R 1600 pm have access to free basic services • Update database • Compliance with national directives • Improved Health safety, quality of Life 	<ul style="list-style-type: none"> • Compliance met legislatively • Monitoring Mechanisms and systems to correct deficiencies in place • Database to be updated • Achieved in 2009 • Achieved in 2009 • Achieved in 2009 • Achieved in 2009

2.1.(b) Corporate Services

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATION & COUNCIL SUPPORT	<ul style="list-style-type: none"> • Administer all support services for Council and EXCO Meetings • Intra-departmental support and liaison to be more structured • Receive all legal agreements from other departments and keep on record. Review rental agreements including MPPC buildings • Review filing system • Review of HR Policies • Telephone management system to be sourced 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing process • Awaiting approval from Provincial Archives • Reviewed policies approved at a Council Meeting held on 25 September 2007 • Tenders were received and services provider appointed 	<ul style="list-style-type: none"> • This function is performed very well. • Staff shortages within Corporate Services Department • Centralization of all contracts and agreements • Congested archives. Until approval of file plan is received, no files may be destructed • Proper implementation of policies still remains a challenge • An effective and efficient communication infrastructure remains a challenge to management in order to facilitate business objectives • Abuse of telephones – planned policy and intervention put in place to control telephone abuse

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATIVE & COUNCIL SUPPORT CONTINUED...	<u>Schedule of Council meetings</u> <ul style="list-style-type: none"> • Standing Comm. • EXCO • Council • Organized system of Council Support required 	<ul style="list-style-type: none"> • Council approved schedules of meetings, including deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/notices 	<ul style="list-style-type: none"> • Meetings conducted as scheduled
HILLSIDE HOUSING PROJECT - 600	<ul style="list-style-type: none"> • 603units have been complete • Bridge that was washed away by rainstorms has been constructed 	<ul style="list-style-type: none"> • The project is running smoothly ever since we have appointed Y Mkhaza Construction • Plans in place to rectify defects 	<ul style="list-style-type: none"> • Defects to some of the houses are still a challenge
KWEZI-NALEDI LADY GREY HOUSING PROJECT – 1000 UNITS		<ul style="list-style-type: none"> • 90% Complete • 18 Units to be constructed • Shortage of material • Project was blocked for 5 months due to time delay in receiving top-up funding 	<ul style="list-style-type: none"> • Shortage of funds • Lack of access road in the area

2.1 (c) Community Services

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
LIBRARY SERVICES R490 000 Libraries	<ul style="list-style-type: none"> Provide reading and study material to communities and to promote the culture of reading amongst the youth 	<ul style="list-style-type: none"> Library material purchased – this includes computers for Sterkspruit, Lady Grey and Barkly East. Installation of electricity at Sterkspruit 	<ul style="list-style-type: none"> Book fares arranged by Dept of Sports, Arts and Culture for purchasing of books. Visits done to rural areas to distribute books but lack of vehicle in library poses as a challenge. Books not circulating between libraries. These become old and stagnant. No modern equipment available such as computers, music, centres, e-mails, etc.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMUNITY HALLS & FACILITIES R2 047 900	<ul style="list-style-type: none"> Provision of new facilities in rural areas and maintenance of existing facilities 	<ul style="list-style-type: none"> Renovation of Transwilger Hall at Lady Grey completed Establishment of two rural community halls at Majuba and Tapoleng out for tender and started, but not completed 	<ul style="list-style-type: none"> Handing over of completed multi-purpose centres Multi purpose centres not completed due to financial constraints
SPORTSFIELDS R716 625	<ul style="list-style-type: none"> To provide basic sports and recreation facilities within the whole of Senqu To upgrade existing sportsfields 	<ul style="list-style-type: none"> Repairs and maintenance of sportsfields ongoing Levelling and planting of grass at the Lady Grey and Barkly East facilities 104 012m² grass cut including cemeteries and side walks 	<ul style="list-style-type: none"> Vandalism of Patrick Shibane Sports Complex at Sterkspruit Vandalism at the Barkly East sportsfield Assistance from the sport Council inadequate
TOURISM R700 000	<ul style="list-style-type: none"> To provide safe, sustainable and equitable amenities to all citizens in order to draw tourists to the region 	<ul style="list-style-type: none"> Senqu Tourism established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit 	<ul style="list-style-type: none"> No clear indications as to how much the previously disadvantaged communities have developed - appears to be helping already established facilities Township tourism not yet well established although initiatives towards that started. The top location could prove a tourists attraction but no funds are available to restore

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>LOCAL ECONOMIC DEVELOPMENT R2 267 620</p>	<p>To stimulate economic growth through</p> <ul style="list-style-type: none"> ▪ SMME development ▪ Capacity building ▪ Formulation of economic development strategy ▪ Facilitate and promote investments ▪ Mobilise development stakeholders ▪ Collect development information and research ▪ Develop sector plans, e.g. agriculture, tourism 	<ul style="list-style-type: none"> ▪ Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting maize and wheat ▪ LED Phase 1 Kwezi Lokusa Textile funded by DHLG & T 8 Beneficiaries – manufacturing of clothing, bags, carpets, etc. ▪ Rossouw Agricultural Project funded by DHLG & Traditional Affairs. Fence bought, ploughing and planting taking place re building of dipping tanks, diesel supplied for ploughing ▪ Brick making project went off the ground after being stagnant for a long time. Provision of material for brick makers, training an technical support 	<ul style="list-style-type: none"> ▪ 13 Second-hand tractors bought caused many breakdowns ▪ Planning equipment purchased not suited to area ▪ A huge challenge to commonage management is the overgrazing ▪ Negotiations with small farmers taking place ▪ Kwezi Lokusa got additional funding from the Department of Social Development ▪ Shortage of competent staff and equipment ▪ Lack of commitment from beneficiaries ▪ Inadequate budget ▪ LED strategy developed and adopted by Council ▪ Brickmakers struggle to get material like charcoal

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
		<ul style="list-style-type: none"> ▪ Preparations for the Holo Hlahatsi agricultural projects. Fenced, river cleared to prevent flooding into the field, bought seed. ▪ Holo Hlahatsi tourism project extended to August 2008 due to land disputes ▪ Sunduza poultry project 100% run by women ▪ Masibambane service centre Barkly East for old persons and people living with disabilities ▪ Lucerne project at Barkly East by women as well as a food garden ▪ Recycling and waste minimization project at Sterkspruit ▪ Funds made available by Thina Sinakho to make a study on peach production at Sterkspruit 	<ul style="list-style-type: none"> ▪ No beneficiaries identified for the Holo Hlahatsi agricultural project ▪ Holo Hlahatsi tourism had land disputes that delayed the completion. There is also a challenge of permission to use water which has not been granted

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMONAGES	<ul style="list-style-type: none"> Budget of R 1000 000 available for Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting mielies and wheat. 	<ul style="list-style-type: none"> Successful mielies crop Fencing Barkly East & Lady Grey Renovation of farm building at Lady Grey Fencing at Lady Grey completed 	<ul style="list-style-type: none"> Satus quo - remains Funding to extend Commonages 13 second-hand tractors bought caused many breakdowns – not serving intended purpose Planning equipment purchased and suited to area. Drought delayed ploughing and planting. A huge challenge to commonage management is the overgrazing. Negotiations with small farmers taking place. Overgrazing at Barkly East
POUNDS	<ul style="list-style-type: none"> Lack of proper commonage plan Commonage Management Commonage Committee/s Renewal of lease agreements Manage and maintain pounds 	<ul style="list-style-type: none"> Strategic approach to commonage management Establish commonage committee Legal requirement Planned project to establish formal pounds 	<ul style="list-style-type: none"> Commonages Access funding from UKDM Develop Plan and implement Committees will be established 2007/2008 Renew lease agreements Staff shortage Funding Equipment/Vehicles

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
PARKS AND PUBLIC OPEN SPACES	<ul style="list-style-type: none"> ▪ Provide adequate facilities/ maintenance of facilities to create pleasant environment ▪ Grass on sidewalks, parks and open spaces to be cut ▪ Renovation at caravan Park ▪ Planting and pruning of trees 	<ul style="list-style-type: none"> ▪ Grass on sidewalks, parks and open spaces cut regularly in the 4 towns within Senqu i.e. Rhodes, Barkly East, Lady Grey and Sterkspruit. ▪ 74 012 m² grass was cut including cemeteries, sports fields, sidewalks and parks. ▪ 29615 m² garden refuse disposed ▪ Completed ▪ Regular pruning of trees and shrubs took place 	<ul style="list-style-type: none"> ▪ Difficulty during growing season to maintain side walks, due to staff shortages and equipment availability. ▪ After first frost the work returned to normal and the backlog could be dealt with. • Lack of funding – no additional trees planted. • Pruning of trees and shrubs - not performed regularly • Staff shortage

2.1.(d) **COMMUNITY SERVICES DEPARTMENT**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
REFUSE REMOVAL/ SOLID WASTE R 6 046 148	<ul style="list-style-type: none"> • Provide refuse removal service, solid waste sites, waste transfer • Household refuse and business refuse to be removed efficiently and effectively. • Daily cleaning of streets to ensure health standards maintained. • Development of a functional solid waste site. • Develop solid waste management plan • Update waste database • Waste management by laws 	<ul style="list-style-type: none"> ▪ Opening furrows & culverts ▪ Household refuse removed once a week and business refuse twice a week. ▪ Streets cleaned daily, assisted by volunteers in Barkly East, Lady Grey and Sterkspruit. ▪ Household refuse removed per month is 7984 m² ▪ 35231 m³ Domestic refuse and 29615 m³ garden refuse disposed of. ▪ Development and registration of a solid waste site at Barkly East has been completed. ▪ Establish registered solid waste sites ▪ Registered Waste Disposal site: Rossouw ▪ Statistics ▪ Legal compliance – effective management of by laws 	<ul style="list-style-type: none"> ▪ Old outdated machines and equipment ▪ Financial constraints – budget insufficient for improvement ▪ Refuse vehicles required ▪ Maintenance of vehicles ▪ Acquiring/Purchasing bins and containers ▪ Funding ▪ Feasibility study completed ▪ MIG grant funding ▪ Planned for 2007/2008

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
HEALTH R 601 560	Provision of accessible Primary Health Care Service to Communities	<ul style="list-style-type: none"> Provision made at Robert Mjobo Clinic in Lady Grey for consulting rooms and for both District and Province to operate from one building 18 924 Patients attended to over 5 years of age. 24 521 Patients attended to less than 5 years of age. 	<ul style="list-style-type: none"> Provincial funding allocations (R467 000) 1 x clinic at Lady Grey controlled by Council. Other clinics are controlled by either District municipality or Province Shortage of qualified/skilled clinic staff are an ongoing challenge
	Environmental Health Water quality programme	<ul style="list-style-type: none"> Inspection of business – re health requirements Monitor water quality 	<ul style="list-style-type: none"> UKDM function - reporting done UKDM provided to Senqu UKDM function - reporting done UKDM provided to Senqu
HIV/AIDS	<ul style="list-style-type: none"> HIV/Aids Education & HIV/AIDS Awareness Prevention Campaigns Voluntary care setting and testing VCT in Clinics PMTCT of HIV Diagnosis treatment of opportunistic to infections 		<ul style="list-style-type: none"> Shortage of Professional Nurses Inadequate funding Insufficient Volunteers (HIV/AIDS) Inadequate drug allocations Shortage vehicle to undertake health promotion Counselling and debriefing of staff doing community counselling

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
DISASTER MANAGEMENT	<ul style="list-style-type: none"> Develop Disaster Management Programme 	<ul style="list-style-type: none"> Lobby District of Municipality Compile Disaster Management Programme 	<ul style="list-style-type: none"> Core function of District Municipality Lack of co-ordination
CEMETERIES	<ul style="list-style-type: none"> Control burials within National framework of Health Act 	<ul style="list-style-type: none"> 7 Cemeteries in Municipal area planned Development of pauper burial policy Planned development Cemeteries ongoing maintenance 	<ul style="list-style-type: none"> 248 burials recorded during 2007/08 financial year Funding Illegal burials Shortage of staff Security
SHEARING SHEDS	<ul style="list-style-type: none"> Construction of shearing sheds 	<ul style="list-style-type: none"> Planned 	<ul style="list-style-type: none"> Funding

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>ELECTRICITY & STREET LIGHTING</p> <p><u>Budget :</u></p> <p>Electricity Distribution Operation & Maintenance = R11 458,463 Including Eskom purchases of R5 717,500</p> <p>Capital : R660,000</p> <p>Street Lighting Operation & Maintenance = R375,210</p> <p>Capital : R0</p> <p>Total : R12,335,793</p>	<ul style="list-style-type: none"> • Provide electricity to 1 713 residential and commercial consumers • Provide public lighting to Sterkspruit, Lady Grey & Barkly East & Herschel • New connections done on request in licensed areas • Ongoing maintenance of existing networks • The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future • Maintenance of existing public lighting • Extension of public lighting systems • Maintenance and renewal of public buildings electrical installations, when required • Reduction of electricity losses 	<ul style="list-style-type: none"> • 17 new connections done on request as there is currently no backlog in licensed areas • 329 Electricity faults reported and dealt with • Conventional electricity meters serviced/replaced – 145 • Service Level Agreements are in place with ESKOM • Installation of new street lighting in Herschel (40 units) • 1,550 Km of LV line upgraded in Sterkspruit and Barkly East • 1 Km of MV Line upgraded in Barkly East • 182 Street lights repaired • Ongoing operation and maintenance • Purchase of 3-Ton Truck • Minor tool purchases • Electricity purchased from ESKOM - 20 MW 	<ul style="list-style-type: none"> • Electricity losses (due to theft & poor metering & networks) • No action on electrical report • Ageing infrastructure • Insufficient funding for recapitalization • Electricity backlogs in the rural area • ESKOM installation requests taking too long • Standardization of equipment • Supply Chain Management time consuming • Adhoc maintenance is being achieved despite challenges. • The formation of RED's may possibly have a negative effect on service delivery • Lack of workshop and & storage space • Insufficient funds to obtain full staff complement

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
ROADS & STORMWATER <u>Budget</u> Operation & Maintenance (R) R4 171,830 Capital (R) : R0 Operations & Maintenance (SW) : R200,000 Capital (SW) R5 052,342 Total : R9 424,171	<ul style="list-style-type: none"> • The maintenance and reconstruction of gravel and surfaced roads • The construction of sidewalks • The construction of storm water systems • The construction of bridges and river crossings • Maintenance of road furniture (exception of signage) • Purchase of plant • Planning and design of new projects 	<ul style="list-style-type: none"> • Construction & rehabilitation of 28 km of roads in Wards 2,7,8,10, 11,12 & 13 • Construction of motor bridge at Dulcienesnek • Construction of motor bridge at Skizana • R 149, 095 spent on creating 128 temporary jobs • Ongoing general Operation & Maintenance • Potholes repaired – 300 • Installation of bulk storm water control in Kwezi Naledi • 52 km street graded in Lady Grey, Sterkspruit and Barkly East • Cost estimates on various future projects done 	<ul style="list-style-type: none"> • Insufficient funds for reducing the access roads backlog (MGI) • Resurfacing of Dept of Transport roads within towns • Supply Chain Management time consuming • Urban renewal needs to be done to encourage LED • The roads classification system needs to be completed • Insufficient plant/operators • Gravel shortage in rural areas require alternative construction methods • Distances to borrow pits. • Access roads need to be sealed (should alternatives not be available) with lined storm water channels

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
WATER <u>Budget</u> Operation & Maintenance : R4 371,930 Capital : R140,000 Total : R4,511,930	<ul style="list-style-type: none"> The Senqu Municipality was appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of June 2008 Water purification is undertaken at Lady Grey, Barkly East & Rhodes Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw Sterkspruit water is supplied by Bloemwater, but reticulated by Senqu Potable water is reticulated to approximately 5901 households within the Senqu area of jurisdiction New connections are done upon application Infrastructure is the responsibility of the Water Services Authority Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality Maintenance of purification works and reticulation systems in the appointed area 	<ul style="list-style-type: none"> Installation of temporary package plant in Barkly East Water purified was 2,822,982 Kl Water faults reported and attended to were 448 Water meters replaced/serviced were 54 New water connections were 15 Ongoing maintenance 	<ul style="list-style-type: none"> Permanent water treatment works in Barkly East Completion of the Section 78 process Implementation of the Lady Grey bulk water supply as a matter of urgency Capacitating staff No WSA Officer Water backlogs in the rural area Rehabilitation of the Barkly East & Rhodes reticulation networks Compilation of a water master plan for all areas Supply Chain Management Installation of section and bulk metering for water balance Realistic tariffs for cost recovery Replacement of vehicles Bulk supply to be established for Rossouw Bulk supply to be rehabilitated for Rhodes Lady Grey dam silt weir and extraction line Installation of fire hydrants Pressure & Storage problems in Lady Grey No movement on the Orange River Macro Water Scheme project Installation of telemetry

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>SANITATION <u>Budget</u> Operation & Maintenance: R4 741,285</p> <p>Capital : R100 000</p> <p>Total : R4 841,285</p>	<ul style="list-style-type: none"> • The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until June 2008 in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit • The rural areas fall directly under the Water Services Authority • Infrastructure projects are the responsibility of the Water Services Authority • New connections are done upon request as there is no real backlog in the delegated area although a large percentage are below RDP standards • Maintenance of ponds, conservancy tanks and reticulation systems • Waterborne households served estimated at 1326 	<ul style="list-style-type: none"> • Bucket eradication program began in Barkly East • Ongoing Operation and Maintenance • Complaints reported and attended to were 1038 • Sewer blockages were 387 • VIP's serviced – 345 • New connections – 11 • Bacterial inoculant purchased 	<ul style="list-style-type: none"> • Rural sanitation backlogs • Bucket eradication in un-formalized areas • Sanitation ponds needed in rural areas • New vehicles needed • Waterborne sanitation in Khezi Naledi • Herschel waterborne sanitation and disposal works project almost complete • Supply Chain Management • Old ponds in Barkly East need upgrading • Urgent upgrade of the disposal works in Sterkspruit • No measuring flumes installed • Bacteriological inoculant used in VIP's and oxidation ponds

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>SANITATION</p> <p>....continued ...</p>	<ul style="list-style-type: none"> • Buckets and below RDP standard - estimated at 3 013 • Conservancy tanks – 189 • Urban VIP's -257 • The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods • A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas 		

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
TOWN PLANNING & BUILDING CONTROL (Part of Technical Administrative budget – no line item)	<ul style="list-style-type: none"> • Application of legislative issues • Control of land use • Building safety • Environmental protection • Spatial development 	<ul style="list-style-type: none"> • Building plans received & approved –16 • Rezoning applications received and approved – 1 • Subdivision applications received and approved –13 • Consolidation applications received and approved : 0 • Draft subdivision policy 	<ul style="list-style-type: none"> • Separate budget for town planning and building control required • Zoning maps needed for Herschel, Rhodes and Rossouw • Community land issues need to be legally solved • More land for development required in Sterkspruit • Government departments not liaising with the municipality before developments are implemented • Building Control Officer resigned

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
TECHNICAL FINANCE & ADMINISTRATION <u>Budget :</u> R1,449,370	<ul style="list-style-type: none"> • Ensure effective technical management • Technical Policy Development • Ensure service delivery across all technical service departments • Strategic planning • Co-operation with the Water Services Authority • Communication • Assist in LED projects 	<ul style="list-style-type: none"> • Monthly extension as Water Services Provider • Draft Vehicle Management Policy • 10 Standing Committees held • 4 Quarterly SDBIP reports submitted to Council • Roads Airfield project taken over by the DoRT • Internet and e-mail access improved 	<ul style="list-style-type: none"> • No Mechanic employed due to insufficient funding leading to plant & equipment down time • Reasonable middle management • Efficient PMU • No vehicle tracking system • No faults call center • No Secretary • Radio communication needs to be investigated • MIG funded grants

2.1.(d) Budget & Treasury Department

Revenue Collection / Income Generation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
INFORMATION TECHNOLOGY	<ul style="list-style-type: none"> Implementation of electronic document management system/IT Support function (Man of function – Corp Services) Develop and maintenance of Municipal Website Training of IT system Roll out of Internet/ e-mail facilities Upgrade of the financial Sebata systems hardware Secure systems support service Meet annual computer requirements of all departments Roll out and implementation of IT Strategy 	<ul style="list-style-type: none"> Not complete Developed and maintained Ongoing An upgrade of the financial systems software and hardware. Effective hardware & software Effective IT support services Another challenging task to meet the annual computer requirements of all the departments - <u>successfully</u> completed within the availability of the funding. 	<ul style="list-style-type: none"> Corporate function -- IT support from finance Very slow progress on the implementation on an electronic document management system General capacity problems together with the long process of obtaining approval for the allocation of funding. Effective website (www.senqu.gov.za) strategy could only be done in incremental stages. Completed

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Maintain GIS System • Update ownership/ Title Deed information • Update road and street infrastructure • Update valuation information 	<ul style="list-style-type: none"> • Further roll out and implementation of the IT Strategy • Electrical infrastructure and sewerage infrastructure • Solid Waste infrastructure 	<ul style="list-style-type: none"> • Staff effective in use of the system. E-mail and internet facilities available. • Skills development and software obtaining sufficient staff to meet requirements remain a major challenge. • Effective hardware & software. • Effective IT Support Services • Phase II implemented • Funding and • Capacity of staff remain a constraint

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>REVENUE COLLECTION / INCOME GENERATION</p>	<ul style="list-style-type: none"> • Annual reconciliation of Valuation Roll. • Annual reconciliation of Assessment Rates • Annual billing of Assessment Rates <ul style="list-style-type: none"> • Do survey of infrastructure & services on farms • Monthly updating & maintaining accurate & reliable consumer database. • Data Cleansing 	<ul style="list-style-type: none"> • Correct annual Assessment rate accounts <ul style="list-style-type: none"> • Comprehensive, reliable and accurate consumer database <ul style="list-style-type: none"> • Effective Credit Control & Debt Collection procedures 	<ul style="list-style-type: none"> • Reconciled Valuation Roll • Annual billing of assessment rates • Accurate and complete Valuation Roll enabling factors to collect consumer and capture data that did not appear on the billing system – thereby enhancing revenue collection <ul style="list-style-type: none"> • Accurate & reliable consumer database – enhance revenue management • Planned monthly maintenance <ul style="list-style-type: none"> • Implement innovative strategies/enhance revenue • Capacity issues
Credit Control & Debt Collection	<ul style="list-style-type: none"> • Review, maintain & implement Credit Control & Debt Collection Policy 	<ul style="list-style-type: none"> • Effective Credit Control & Debt Collection procedures 	<ul style="list-style-type: none"> • Implement innovative strategies/enhance revenue • Capacity issues

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Financial Policies & By-Laws	<ul style="list-style-type: none"> Maintain & implement financial policies By-Laws and procedures Free Basic Services & Indigence Subsidy Support Tariff Rates 	<ul style="list-style-type: none"> Updated & Implemented financial policies, by-laws & procedures Review financial policies/tariffs 	<ul style="list-style-type: none"> By Laws/ Policies in place require proper implementation and monitoring Capacity building of staff Improved operational efficiency and Fiscal control
Free Basic Electricity	<ul style="list-style-type: none"> Roll out free basic electricity to 7 500 consumers 	<ul style="list-style-type: none"> Free basic electricity to 7 500 consumers 	<ul style="list-style-type: none"> Unreliable data/information Update database and status Monitor mechanisms and put in systems to correct deficiencies as they occur 90% target to be reached by 2009
Pre-paid Electricity & prevent theft & meter tampering	<ul style="list-style-type: none"> Selling & control pre-paid Electricity Visit pre-paid electricity meters 	<ul style="list-style-type: none"> Sell & control pre-paid electricity – generate revenue Prevent theft of electricity & meter tampering 	<ul style="list-style-type: none"> Ongoing occurrence - difficult to prevent Implement By-Laws Implement fines Tampering/theft of electricity

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Water & Electricity meters	<ul style="list-style-type: none"> Monthly reading of water & electricity meters 	<ul style="list-style-type: none"> Accurate monthly reading of Water & Electricity meters 	<ul style="list-style-type: none"> Although a 100% correctness of meter readings and consumer accounts is expected, the possibility exists that there might be errors (1.00%) from time to time
Monthly Consumer Accounts	<ul style="list-style-type: none"> Monthly Billing of correct consumer accounts Monthly delivery of consumer accounts 	<ul style="list-style-type: none"> Accurate & correct delivery of monthly consumer accounts 	<ul style="list-style-type: none"> Efficient billing system Improve on customer care – High unemployment rate – no decrease in debtors Implement innovative strategies/ enhance revenue
Revenue	<ul style="list-style-type: none"> Daily receipting of all revenue Daily banking of all revenue Secure all revenue collected 	<ul style="list-style-type: none"> Receipt, bank and secure all revenue 	<ul style="list-style-type: none"> Control/reduce risk Secured daily revenue collected Improved operational efficiency and Fiscal control
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to revenue collection 	<ul style="list-style-type: none"> Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> Capacity Building of staff Sound financial management Reduce risk

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>Comply with Local Government Municipal Property Rates Act, No 6 of 2004 requirements</p>	<ul style="list-style-type: none"> • Review Rates Policy • Consult community on rates policy • Implement rates policy • Develop & promulgate rates policy by-law • Comply with Municipal Property Rates Act, No 6 of 2004 	<ul style="list-style-type: none"> • Meet Municipal property rates act requirements • Policy developed • By Law developed • Compliance required 	<ul style="list-style-type: none"> • Legal Compliance • Community consulted during IDP/Budget process • Implementation and Monitoring • Implementation and monitoring

Expenditure and Control

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Reconciliation & payment of Creditors	<ul style="list-style-type: none"> Monthly reconciliation & payment of creditors 	<ul style="list-style-type: none"> Accurate and correct payment of Creditors 	<ul style="list-style-type: none"> Accurate and correct record of creditors payments Control of expenditure Adherence to timeous payments of creditors Interventions on turnaround plan to improve expenditure
Control Expenditure	<ul style="list-style-type: none"> Monthly controlling of purchases & expenditure 	<ul style="list-style-type: none"> Effective control over purchases and expenditure 	<ul style="list-style-type: none"> Interventions on turnaround plan to control and improve expenditure Monthly/quarterly cash flow statements
Process Payroll	<ul style="list-style-type: none"> Monthly updating, reconciliation and processing of Payroll 	<ul style="list-style-type: none"> Correct processing of Payroll 	<ul style="list-style-type: none"> Accurate and correct payroll Compliance with procedure
Maintain Existing Loans	<ul style="list-style-type: none"> Maintain & update loans Review & implement loans & Contractual Agreements Policy 	<ul style="list-style-type: none"> Maintained and updated loans Implemented loans & contractual agreements policy 	<ul style="list-style-type: none"> Policy in place Maintained loans and contractual agreements
Maintain Insurance Portfolio	<ul style="list-style-type: none"> Update & maintain Council's Insurance Portfolio Review & implement Insurance & Assets Management Policy 	<ul style="list-style-type: none"> Updated Insurance Portfolio Implemented Insurance & Asset Management Policy 	<ul style="list-style-type: none"> Legal compliance and updated maintained insurance portfolio

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Maintain Investments	<ul style="list-style-type: none"> Monthly updating & maintaining Council's investments Review and implement cash management, investment and banking policy 	<ul style="list-style-type: none"> Monthly updated investments Implemented cash management, investment and banking policy 	<ul style="list-style-type: none"> Reduced risk and losses Assets protected Investment policy Sound financial management
Implement Supply Chain Management	<ul style="list-style-type: none"> Review and implement Supply Chain Management Policy Establish Service Provider database 	<ul style="list-style-type: none"> Implemented Supply Chain Management Policy Established Service Provider Database 	<ul style="list-style-type: none"> Legal Compliance Policy in place and reviewed annually Service Providers data base established Training and support of staff Funding
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> Comply with Municipal Finance Management Act, No 56 of 2003 requirements related to expenditure 	<ul style="list-style-type: none"> Meet Municipal Finance Management Act requirements. 	<ul style="list-style-type: none"> Legal Compliance Sound financial management and operational efficiency Training and support Funding

Budget and IDP

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Planned Budget Process	<ul style="list-style-type: none"> • Compile & publish Budget & IDP Time schedule • Establish & publish Committees & Consultation forums • Review Budget & IDP Policy 	<ul style="list-style-type: none"> • Planned IDP and Budget process 	<ul style="list-style-type: none"> • Process completed by 30 September 2007
Strategized Budget Process	<ul style="list-style-type: none"> • Outreach programme to all 16 wards • Review existing IDP, Service Delivery Agreements, Entities, Organogram, Delegations & Budget-related Policies 	<ul style="list-style-type: none"> • Strategized budget process 	<ul style="list-style-type: none"> • Legal Compliance • IDP Reviewed • Process completed by 30 November 2007 • Outreach programmes to 16 Wards
Preparing Budget & supporting documents	<p>Review & prepare draft:</p> <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service Delivery Agreements • Entities • Organogram • Delegations • Budget Related Policies • Operational & Capital Budget • Proposed Rates & Tariffs • Cash Flow Budget • Consult with established committees & forums 	<ul style="list-style-type: none"> • Prepared draft budget & supporting documents 	<ul style="list-style-type: none"> • Legal Compliance • Prepare SDBIP's and all supporting documentation completed • Budget process finalized • Completed by 31 March 2008 • Put in place monitoring Mechanism to ensure planning and timeous expenditure on projects - co – operation and management from all managers

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Tabling Budget & Supporting Documents	<p>Table draft :</p> <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service delivery agreements • Entities • Organogram • Delegations • Budget-related Policies • Operational & Capital Budget • Proposed rates & tariffs • Cash Flow Budget 	<ul style="list-style-type: none"> • Tabled budget & supporting documents by 31 March 2007 	<ul style="list-style-type: none"> • Legal Compliance • Budget and supporting documentation tabled and ratified by Council • SDBIP's tabled and ratified • Completed by 15 June 2008
Approving Budget & Supporting Documents	<p>Approve :</p> <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service Delivery Agreements • Entities • Organograms • Delegations • Budget-related policies • Operational & Capital budget • Proposed rates & tariffs • Cash Flow Budget 	<ul style="list-style-type: none"> • Approved budget & supporting documents by 31 May 2007 	<ul style="list-style-type: none"> • Implementation of time schedule depends on support and commitment of politicians and all heads of departments • Completed by 15 June 2008 and approved by 30 June 2008
Finalizing Budget Process	<ul style="list-style-type: none"> • Budget & Supporting documents to: <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Publish & Website • Service Delivery & Budget Implementation Plan (SDBIP) 	<ul style="list-style-type: none"> • Finalized budget process by 30 June 2007 • Table SDBIP by 15 July 2007 	<ul style="list-style-type: none"> • Finalization of personnel budget depends on timely salary negotiations between SALGA/ SAMWU/IMATU/ SALGBC

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>Comply with Municipal Finance Management Act, No 56 of 2003, requirements</p>	<ul style="list-style-type: none"> • Comply with MFMA requirements relating to budget process 	<ul style="list-style-type: none"> • Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> • Legal Compliance • Sound financial management principles • Ongoing process

Accounting and Reporting

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Reconcile and maintain accounting records	<ul style="list-style-type: none"> Daily & monthly updating & maintaining of accounting records 	<ul style="list-style-type: none"> Updated and maintained accounting records 	<ul style="list-style-type: none"> Legal Compliance Fiscal control and operational efficiency Completed within 10 working days
Financial Reports as required in terms of Municipal Finance Management Act, No 56 of 2003	MFMA required reporting to: <ul style="list-style-type: none"> National Treasury; Provincial Treasury; Auditor-General Accounting Officer Finance Standing Committee Executive Committee and Council 	<ul style="list-style-type: none"> Processed financial reports as required by Municipal Finance Management Act, No 56 of 2003. 	<ul style="list-style-type: none"> Legal Compliance Completed within 10 working days Capacity constraints
Supporting registers	Monthly reconciliation of supporting registers: <ul style="list-style-type: none"> Funds Loans Assets Banks Investments Debtors Creditors Income & Expenditure 	<ul style="list-style-type: none"> Monthly reconciled supporting registers. Maintenance of registers 	<ul style="list-style-type: none"> Monthly reconciled supporting registers Sound financial management Financial control Capacity constraints
Annual Financial Statements	<ul style="list-style-type: none"> Compilation of annual financial statements 	<ul style="list-style-type: none"> Compiled 2007 / 2008 Financial Statements 	<ul style="list-style-type: none"> Legal requirement competed by 31 August 2007 Compiled annual financial statements

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Compile Annual Report – Department: Budget & Treasury Service	<ul style="list-style-type: none"> • Compilation of annual report for department: Budget & Treasury Service 	<ul style="list-style-type: none"> • Compiled 2007 / 2008 annual report for Department: Budget & Treasury Service by 31 December 2006 	<ul style="list-style-type: none"> • Legal requirement • Completed by 31 December – 1st draft approved by 31 January – August 2007 • Accurate complied annual report • Capacity constraints
Annual audit of financial records	<ul style="list-style-type: none"> • Assist Auditor-General with audit of financial records 	<ul style="list-style-type: none"> • Audited financial records 	<ul style="list-style-type: none"> • Legal Compliance • Audited financial records by 30 November 2006 • Improved Audit report • Audit Plan/ interventions and strategies to deal with adverse audit report • Capacity constraints
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> • Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to Accounting and Reporting 	<ul style="list-style-type: none"> • Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> • Legal Compliance • Ongoing process • Capacity building of staff

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Finance Standing Committee meetings	<ul style="list-style-type: none"> Monthly Finance Standing Committee Meetings 	<ul style="list-style-type: none"> Monthly Finance Standing Committee Meetings 	<ul style="list-style-type: none"> Submission of Financial reports Attendance as scheduled
Budget & Treasury staff meetings	<ul style="list-style-type: none"> Budget & Treasury staff meetings 	<ul style="list-style-type: none"> Budget & Treasury staff meetings 	<ul style="list-style-type: none"> Submission of Financial reports Commitment & attendance as scheduled
Require Budget & Treasury Officer	<ul style="list-style-type: none"> Advertise post of skilled Budget & Treasury Officer 	<ul style="list-style-type: none"> Skilled Budget & Treasury Officer by 30 December 2007 	<ul style="list-style-type: none"> Appointed development and support programme in place

Assets and Stores

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Comprehensive Assets Register	<ul style="list-style-type: none"> Recording & marking (Bar-coding) of all assets Compile and approval of asset management and insurance policy Compiling, updating and maintaining a comprehensive assets register 	<ul style="list-style-type: none"> Effective computerized marking & recording of all movable assets by 31 March 2008 Effective Asset Management and Insurance Policy by 31 March 2007 Comprehensive assets register in compliance with GRAP by 30 June 2009 	<ul style="list-style-type: none"> Legal requirement Control of Assets Assets recorded with 48 hours of acquisition Legal compliance Capacity Building training and support of staff input from <u>all</u> HOD's Constraint – non co-operation from HOD's Conversion to GRAP by 2009
Inventory Lists of loose assets	<ul style="list-style-type: none"> Compiling, updating & maintaining of inventories 	<ul style="list-style-type: none"> All loose assets accounted for in departmental inventory lists 	<ul style="list-style-type: none"> Maintenance of assets for inventory list All loose tools accounted for in inventory lists
Re-value assets	<ul style="list-style-type: none"> Revalue all assets 	<ul style="list-style-type: none"> All assets re-valued by 30 June 2007 	<ul style="list-style-type: none"> Legal compliance Required for conversion to GRAP Value of assets Capacity
Annual stock-takings	<ul style="list-style-type: none"> Conduct annual stock-takings 	<ul style="list-style-type: none"> Verified stock lists and assets register 	<ul style="list-style-type: none"> Verified stock and control of stock

Motor Vehicle Licensing

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Motor Vehicle Registration Facilities operational	<ul style="list-style-type: none"> • Available Motor Vehicle Registration facilities • Available Grade A Traffic Test Station • Available Grade A Traffic Test Station • Trained personnel to operate facilities 	<ul style="list-style-type: none"> • Motor vehicle registration facilities in Barkly East & Lady Grey operational • Traffic Test Station in Barkly East operational • Trained personnel 	<ul style="list-style-type: none"> • Legal requirement • Effective operation of facility • Ongoing • Effective operation of facility • Ongoing
e-NaTIS Motor Vehicle Registration facility at Sterkspruit	<ul style="list-style-type: none"> • Available motor vehicle registration facility in Sterkspruit 	<ul style="list-style-type: none"> • Motor vehicle registration facility & driving license testing centre in Sterkspruit by 30 June 2007. 	<ul style="list-style-type: none"> • Not achieved reliant on approval from Dept of Transport • Awaiting approval from Dept of Transport • Follow with Dept of Transport

3.
HUMAN RESOURCES
AND
OTHER
ORGANISATIONAL
MANAGEMENT

3. **EXISTING AND NEW DELIVERY MECHANISMS**

Senqu Municipality was established during December 2000 and this resulted in the amalgamation of a number of local authorities and towns, namely :

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit; and portions of Wodehouse (Dordrecht) and Indwe
- Rhodes (including Zakhele); and
- Rossouw

Included in this area are the farms and villages of the magisterial districts of Barkly East; Lady Grey, Herschel, Rossouw, Sterkspruit Herschel, Rhodes and portions of Wodehouse (Dordrecht) and Indwe.

Whilst substantial progress and development has been made in order to restructure and align all smaller units into the larger formed “Senqu Municipality”, this had not been without challenge. Transformation is required, not only in terms of the re-organisation that led to the amalgamation, but also in terms of new legislation and a new way of doing things.

Every effort has been made to engage in a formal and directed change management programme in order to ensure that changed processes, procedures, and practices are understood by all, and are lived as day-to-day ideals and values within the organisation. In the areas of :

Governance;
Institutional development;
Transformation: and
Change Management,

every effort and focus is being made to ensure that delivery mechanisms support the required change at every level. Ongoing and critical analysis and evaluation takes place in order to ensure that Senqu Municipality takes the correct steps towards achieving excellence in human resource and other organisational management.

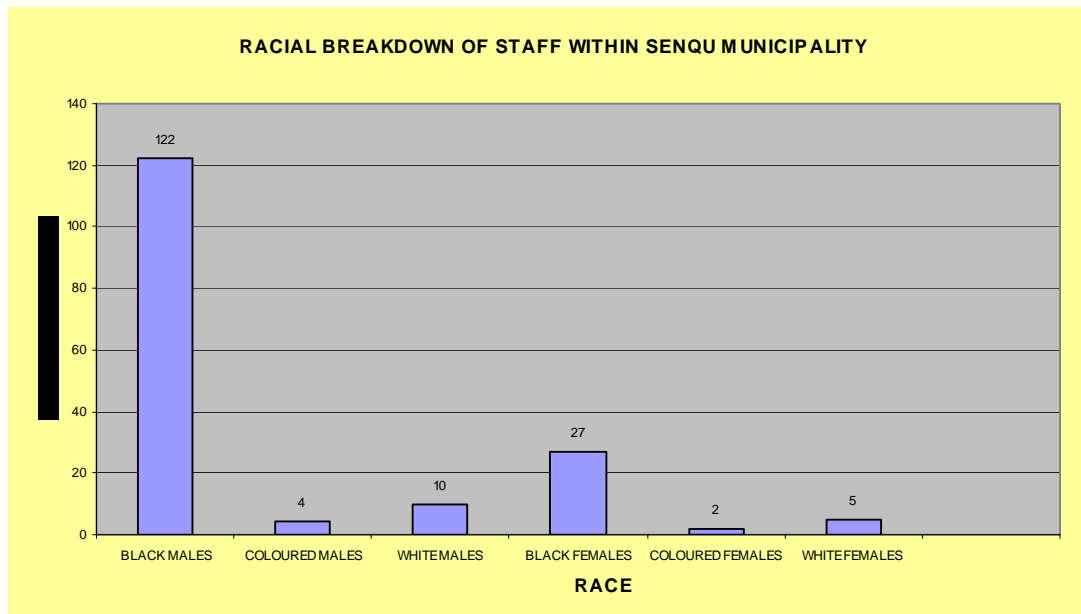
3.1. **Institutional Development**

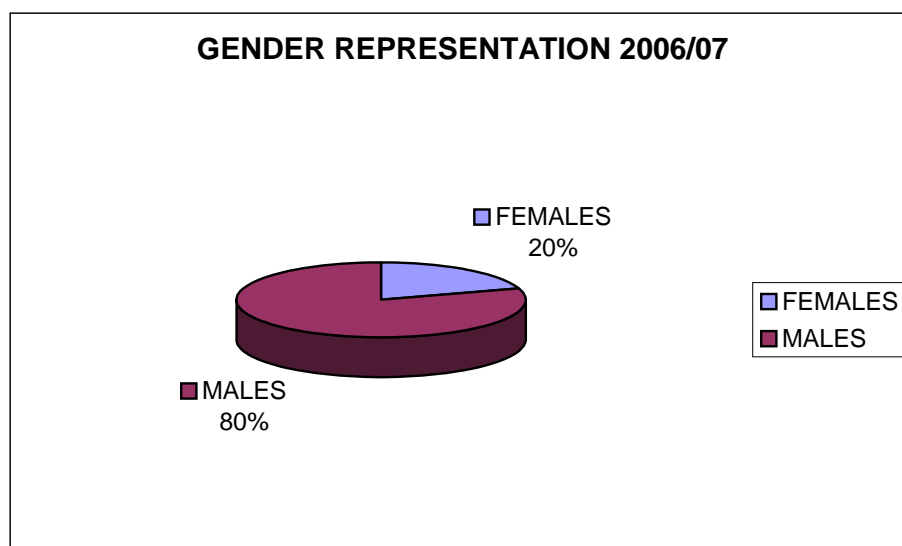
3.1(a) Senqu Municipality has an overall staff complement of 170 employees, which are broken down as follows :

GENDER / RACE ANALYSIS OF FILLED POSTS

Department/ Function	Black Male	Coloured Male	White Male	Black Female	Coloured Female	White Female	TOTAL
<i>Council & Executive</i>	2	0	3	1	0	0	6
<i>Corporate & Support Service</i>	4	0	1	8	1	0	14
<i>Budget & Treasury Service</i>	9	1	0	4	1	3	18
<i>Community & Social Service</i>	45	0	0	12	0	1	58
<i>Technical & Engineering Service</i>	62	3	6	2	0	1	74
Total	122	4	10	27	2	5	170
Percentage	71.76%	2.35%	5.88%	15.88%	1.18%	2.95%	100.00%

RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY





3.1(b) Organisation Structure

The organogram for Senqu Municipality is in place and to date 62% of the posts are occupied. The municipality has an overall staff complement of 442 posts of which 104 relate to the Water Services Authority (WSA) functions that will be transferred to the Ukhahlamba District Municipality once required agreements have been finalized. An analysis of post during the year under review are broken down as follows:

Department / Function	Posts Filled	Posts Funded but vacant	Posts Unfunded	Total Number of Posts
<i>Council and Executive</i>	6	1	7	14
<i>Corporate & Support Service</i>	14	5	22	41
<i>Budget & Treasury Service</i>	18	2	9	29
<i>Community & Social Services</i>	58	13	84	155
<i>Technical & Engineering Service</i>	74	6	123	203
Total	170	27	245	442
Percentage	38.46%	6.11%	55.43%	100.00%

The organogram is reviewed annually during the budget process and all members of the budget Technical Committee participate in this process. Reviewing the organogram annually ensures that the Municipality takes into account the demands placed on it by the IDP.

3.1(c) Job Evaluation

Job evaluation has on a national scale, placed huge demands on staff and organisations alike. Whilst the results of the job evaluation exercise have been made available through the presentation of the Final Outcomes Report (presented to us by the Provincial Job Evaluation), implementation awaits the National Wage Curve from SALGBC and the process of appeal. In respect of the wage curve, we have raised concerns on the benchmarking of municipalities, in order to determine the wage curves for different municipalities. These issues are currently under discussions with the parties of the SALGBC.

3.2. Governance

- 3.2(a) The Municipality has submitted a reviewed File Management Plan to Provincial archives for approval. This means that we are currently working on a file plan, which has not been approved by National Archives. The disadvantage/restrictions of working on an unapproved plan is the fact that we cannot get a destruction certificate approved for old files and this causes great congestion in our registry and outside storage.

Before plans can be made to switch to an electronic document management system, the Municipality needs to ensure that the manual filing system is working efficiently and effectively i.e. the Registry Officer should be able, amongst others, to eliminate misfiling of documents completely. It must also be noted that if we do switch to EDMS (Electronic Document Management System), it is the requirement of Provincial Archives that we keep the manual system running as a back up to the electronic system.

The administration of Council and Executive Committee meetings has shown tremendous improvement, with Council agendas and minutes being provided accurately and correctly. This facilitates Council decision-making and it is worth mentioning that this process has not been queried by the Auditor-General in respect of the quality of decision-making and the signing of minutes by both the Mayor and the Speaker.

With the establishment of the Internal Audit Committee, its role cannot be over-emphasised.

The Annual Audit Report supports the notion that positive work is being done in respect of the operations of the Municipality and the fact that within this area we are operating within clear policies and procedures and in accordance and compliance with prescriptive legislation.

A Remuneration Committee has been elected by Council and constitutes of the following members of the Executive Committee:

- Honourable Mayor, Cllr Z Dumzela
- Cllr Kuse
- Cllr Mafilika

Purpose of Committee : To negotiate salaries with Municipal Manager and Section 57 Managers. Outcomes of the negotiations are then reported by the Honourable Mayor to the Executive Committee and Council.

3.2(b) Policies Adopted

At a Council Meeting that was held on the 25th of September 2007, the following reviewed policies have been adopted :

1. Grant-in-Aid Policy
2. Pauper Burial Policy
3. Immovable Property Policy which Council resolved that it be incorporated into the existing Asset Management Policy
4. Maintenance of Statement of Interest Policy and Procedure
5. Recruitment and Selection Policy
6. Subsistence and Travel Policy
7. Bursary Policy
8. Promotions and Transfer Policy
9. Overtime and Standby Policy
10. House Rental and Lease of Municipal Houses Policy
11. Occupational Health and Safety Policy

Challenges arise in that the above policies are not fully implemented as yet, leaving the Municipality open to legal challenges.

3.2(c) Register of Interest

The Register of Interest was adopted by Council, as well as the relevant policy, though it has not been fully implemented yet. Councillors and officials still need to declare their interest.

3.2(d) Human Resources

A procedure manual has been developed for all functions in the Human Resources section, which is fully functional.

Staff Turnover

We had quite a number of staff turnovers during the year under review, due to neighbouring municipalities that offered staff much better remuneration. Management then investigated this issue and discovered that it was indeed the case. They then sought the services of a Consultant to investigate the possibilities of benchmarking the Municipality against a Grade 6 Municipality. The Municipality would remain a Grade 3, but staff salaries would be benchmarked against a Grade 6 Municipality.

This exercise was completed; Local Labour Forum was consulted and was approved by Council to be implemented in the new financial year.

Personnel Filing System

Subsequent to a number of meetings that were called by the Provincial Department of Sports, Recreation, Arts and Culture in King Williams Town, the officials from the above department visited to all municipalities within the Ukhahlamba District Municipality to introduce the new filing system for Personnel Files. This system will assist the Municipality to keep track of the filing system, thus minimising audit queries.

3.3. Transformation and Change Management

3.3(a) Performance Management

The Performance Management System has been effected for top management (s57's). During 2005/2006 it was introduced to middle management, this has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during the period under review.

Tenderers were invited by the Tender Adjudication Committee to present their PMS system to Management and Executive Committee. The presentations took place, but management were not happy with the systems that were presented as they were looking for a fully computerized system. This issue has thus not been finalised yet.

This performance management system (implemented at s57 Manager level) has ensured that service delivery was implemented based on targeted dates that were approved by Council.

This Performance Management System was linked to the Service Delivery and Budget Implementation Plans (introduced by the Municipal Finance Management Act, 2003), which were developed in line with budget and operational plans, in order to ensure that the IDP objectives were met.

Individual performance assessments for the individual s57 managers have been completed by an independent Committee, which was constituted by executive committee members and independent consultants.

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee (in order to comply with the spirit of Corporate Governance and regulation 14(1)(a). The performance reviews of the s57 managers are being performed annually and not quarterly as intended. The Municipality are currently not complying with regulation 28(1) as detailed in the Audit Report of the Auditor General.

The reports are submitted to Council to assist Council to evaluate performance and to make the necessary interventions when these are identified.

3.3(b) Skills Development

The Skills Committee meets monthly and this committee is comprised of officials, Councillors and Labour Union representation.

In addition to skills development, Senqu Municipality has introduced an internship programme in order to alleviate the negative impact that skills shortages have on the recruitment and the subsequent placement of suitably qualified persons. This also has an impact on the operational functioning of the organisation, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted in the IDP.

With funding received from National Treasury, one intern was appointed in November 2006 but has since left the employ of Senqu Municipality due to an injury he had in one eye and after he was pronounced legally blind by the doctors appointed by the Municipality.

The internship programme is a process of empowering and capacitating future employable staff. Identified students/graduates from recognised institutions were engaged to work for the Budget & Treasury Department, for a set term of three months.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimised as the Municipality intends to absorb some of the already trained candidates.

3.3(c) Occupational Health & Safety

The Occupational Health & Safety Committee meetings sat bi-monthly during the period under review. No injuries on duty have been reported during this period. Safety Inspectors from the Department of Labour visits the Municipality on a regular basis to inspect health and safety issues. We must, therefore, congratulate our internal safety representatives from the different units on a job well done. Fire extinguishers are serviced once per annum, which ensures that we are always equipped if something should happen in the Municipality.

3.3(d) Employee Assistance Program

The Human Resource Officer currently acts as the EAP Officer in the Municipality. The Municipality should maybe look at employing a permanent person in this position, as it is very crucial for the welfare of staff.

We have encountered quite a number of problems with staff, e.g. staff is heavily indebted and as a result have no money to take home at the end of the day. This is one of the problems that may lead to alcohol and substance abuse among our staff members. We have had no reported/known cases of HIV/AIDS during the period under review. We are still encountering huge problems with staff that passes away and the municipality is stuck with benefits of these staff members that have no beneficiaries. The Corporate Services Department should endeavour to correct all the above by enlightening staff on their rights as soon as possible.

CHAPTER

4.

BUDGET & TREASURY AND RELATED FINANCIAL INFORMATION

AUDITED FINANCIAL STATEMENTS

**ANNUAL REPORT
BUDGET & TREASURY OFFICE
30 JUNE 2008**

Budget & Treasury Department

Introduction

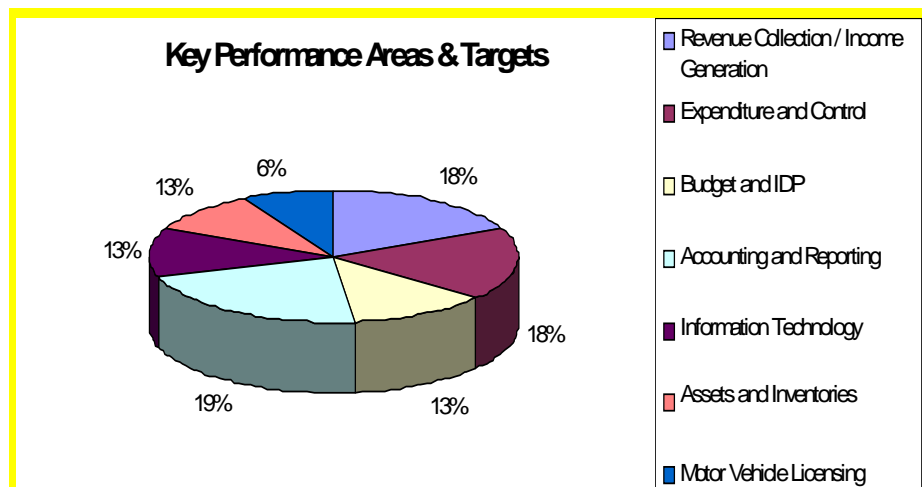
Council have a strong commitment to sound financial management and maintenance of a sound economic base. Senqu Municipality have a strong Finance department headed by the Chief Financial Officer Mr C Venter Annual Financial reporting and Assessment in terms 2007/2008 KPA and KPI's are as indicated hereunder.

Key Performance Indicators

- Revenue and Collection /Income generation 18%
- Expenditure and control 18%
- Budgeting and IDP 13%
- Accounting and Reporting 19%
- IT 13%
- Assets and Stores 13%
- Motor Vehicle Licensing 6%

1. Key Result Areas / Key Performance Indicators and Targets

With this dedicated staff component the following functions (Key Performance Indicators and Targets) were set, performed and maintained with great success during the 2007/08 financial year:



2. 2007 / 2008 BUDGET

2.1. 2007 / 2008 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the MFMA and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible tried to compile the 2007/2008 Budget in the format prescribed by National Treasury – MFMA Circular No 28 – Budget Content and Format – 2006/07 MTREF.

2.1.2. Capital Expenditure (Table 2 – Capital Programme)

Council's MIG (Municipal Infrastructure Grant) allocation increased from the R 7 328 000 to R 8 234 000 for the 2007 / 08 financial year. The MIG allocation of R 7 822 300 (R 8 234 000 less 5% - R 411 700, allocated to the Project Management Unit) would be used finance the following projects:

Storm water channel at Kwezi-Naledi housing project	R 7 088 497
Establishment of Formal Cemeteries	R 687 750
Rossouw Solid Waste Site	R 46 053
Establishment of MIG Project Management Unit (PMU)	R 411 700
	R 8 234 000

Due to budget constraints a minor amount of R 2 017 390 from council's own revenue would go towards capital expenditure. It would amongst others go to the following projects:

Completion of Phase I - Additional Office Accommodation	R 500 000
Completion of Community Hall at Tapoleng	R 250 000
Completion of a Community Hall at Majuba	R 250 000

It is anticipated that R 11 369 581 would go towards the completion of existing housing projects.

Council further intends to take up a loan to finance the completion of the office complex. It is foreseen that R 8 000 000 during the 2007 / 2008 and a further R 1 000 000 during the 2008 / 2009 financial years would be required.

2.2. Operational expenditure (Table 1)

There is a need to highlight the following in council's operational budget:

- Councillors remuneration amounts to R 5 771 145 of which R 1 143 179 is financed by a special allocation to be received from the national government;
- Personnel costs vs. total operational expenditure are 37.99%. The Organogram provides for 442 posts of which 170 are filled, 27 are vacant and funded and 245 are unfunded. Amongst others the following expenditure was provided for:

Performance management system & agreements – <i>legal requirement</i>	1101 / 2019	R 675 990
Maintenance to existing streets & access roads	4600	R3 451 830
Repairs to pedestrian bridges	4600 / 3002	R 600 000
Supporting SMME's	5200 / 2012	R 300 000
Gxothindlala agricultural project	5200 / 2014	R 250 000
Repairs to rural sport fields	5450 / 3210	R 500 000
Repairs to fence around Sport Field in Kwezi-Naledi	5450 / 3208	R 200 000
Tourism – <i>Support to Senqu Tourism Organisation</i>	5750 / 2248	R 550 000

- R 6 983 893 (previous year R 6 178 345) would go **directly** to provide services to the (indigent) poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy.

2.3. Rates and Tariffs

Extensive consultation within the budget executive and budget technical committees has resulted in probably the most transparent and fair budget-related policies this council have seen. During the consultation meetings held on council's new rates policy as required in terms of the new Municipal Property Rates Act, No 6 of 2004, community participation exceeded all expectations. One can proudly say council's policies are the community's policies.

The following budget-related policies have also been reviewed during 2007/2008.

- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

An increase of 6.0% on all water, sanitation and refuse removal tariffs have been budgeted for. The rates tariff will increase by 6.0% to 1.69% and to encourage development of vacant property the rates tariff on vacant properties would be 3.38%. With the help of ESKOM council's electricity tariffs have been redesigned to reflect a cost related tariff. This has been submitted to the National Electricity Regulator for consideration and approval and the planned implementation date is 1 July 2007.

2.4. Conclusion

The challenge now is to conclude the 2007 / 08 budget process by dealing with:

- The finalization of the cash flow statements;
 - The finalization of the measurable performance objectives;
 - The finalization of the service delivery and budget implementation plan (SDBIP); and
- The finalization of performance management scorecards and agreements for the sect 57 managers and middle managers, before 30 June 2008 – S57 process fully implemented although went beyond planned dates of implementation. The performance management scorecards and agreements for middle management has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during the period under review. Tenderers were invited by the Tender Adjudication Committee to present their PMS system to Management and Executive Committee. The presentations took place, but management were not happy with the systems that were presented as they were looking for a fully computerized system. This issue has thus not been finalised – it is planned to be completed during the June 2008/2009 financial year.

3. Budget Related Resolutions

As required by the Municipal Finance Management Act, No 56 of 2003, and to reflect the legal form of the budget, the draft resolutions to be considered upon approval of the budget after the consultation process would be:

1. Council resolves that the annual budget of the municipality for the financial year 2007 / 2008; and indicative for the two projected outer years 2008 / 2009 and 2009 / 2010 be approved as set-out in the following schedules:
Operating revenue by source reflected in **Schedule 1**;
Operating expenditure by vote reflected in **Schedule 2**;
Operating expenditure by GFS classification reflected in **Schedule 2 (a)**;
Capital expenditure by vote reflected in **Schedule 3**;
Capital expenditure by GFS classification reflected in **Schedule 3 (a)**;
Capital funding by source reflected in **Schedule 4**; and
Council resolves that multi-year capital appropriations by vote and associated funding reflected in **Schedules 3, 3(a) and 4** be approved.
2. Council resolves that property rates reflected in council's Tariff Structure – See **Annexure 1** and any other municipal tax reflected in council's Tariff Structure – See **Annexure 1** are imposed for the budget year 2007 / 08.
3. Council resolves that tariffs and charges reflected in council's Tariff Structure – See **Annexure 1** are approved for the budget year 2007 / 08.
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **(to be done)** are approved for the budget year 2007 / 08.
5. Council resolves that the measurable performance objectives for each vote reflected in **(to be done)** are approved for the budget year 2007 / 08.
6. Council resolves to adopt the Integrated Development reflected in **Annexure 2**.
7. Council resolves that the amended policies for credit control, debt collection and indigents as reflected in **Annexure 3 - 7** are approved for the budget year 2007 / 08.
8. Council resolves that the other amended budget related policies reflected in **Annexure 3 - 7** are approved for the budget year 2007 / 08.
9. Council notes the SDBIP (Service Delivery and Budget Implementation Plan) tabled with the budget for subsequent approval by the Mayor.

When the budget is tabled for approval, the approval should be based on these or amended resolutions.

4. The Budget

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

4.1. Executive Summary

As required the Budget Executive committee met for the first time on 29 August 2007 during which council's previous year's (2006 / 07) budget process was evaluated through the BEC (Budget Evaluation Checklist). At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council on 29 August 2007, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2007 the Budget Executive committee, with assistance from ward councillors and ward committees engaged into an outreach program to

assess the needs of the community in all 16 wards. All needs recorded were later prioritised and included in council's Integrated Development Plan.

The budget technical committee has in the addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2006 / 2007 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritise community needs in the IDP.

During January 2007 the draft budget and supporting documents were tabled to the budget executive committee for consideration, discussion and approval.

4.2. Budget Schedules

Schedule 1 – Revenue by source.

Council's realistic anticipated revenue of **R 60 651 229**, of which the national contribution is R 31 891 700, is set out on Schedule 1. Provincial and district contributions are not yet available.

Schedule 2 – Operating expenditure by vote (functional area / department).

Schedule 2 (a) – Operating expenditure by GFS (Government Finance Statistics) classification.

Detail of this budgeted expenditure of **R 60 584 004** is reflected on **Table 1** and **Table 1 (a)**.

Schedule 3 – Capital expenditure by vote.

Schedule 3 (a) – Capital expenditure by GFS classification.

Schedule 4 – Capital funding by source.

4.3. Budget Related Charts and Explanatory Notes

Table 1 – Revenue by Source.

Table 1 (a) Page 1 – Operating expenditure by vote.

Table 1 (a) Page 2 – Revenue by vote.

Table 2 – Operating Expenditure by Vote.

Table 3 – Capital Expenditure by Vote.

Table 4 – Capital Funding by Source.

Table 5 – Summary Revenue & Expenditure by Vote.

Table 6 – Operating Expenditure by Type

5. Supporting Documentation

The numerous number of documents required as supporting documents in terms of section 17 (3) of the Municipal Finance Management Act, No 56 of 2003, are either included as schedules, tables or annexure into this budget or circulated separately. The documents are also available at the Barkly East, Lady Grey and Sterkspruit administrative units and on council's web-site – www.sengu.gov.za.

5.1. Budget Process Overview

The MFMA Circulars 10, 13, 14, 19, 27, 28 and 41 issued by the National Treasury was used as a guidance mechanism during the 2007 / 08 budget processes. From this council has developed an IDP (Integrated Development Plan) and Budget policy to guide the established Budget Executive and Budget Technical committees.

The Budget Executive committee consists of the Mayor, Speaker, council's five executive committee members, the Municipal Manager (as Accounting Officer) and all senior managers. This committee provides the necessary political oversight to the Budget Technical committee, which consists of the Municipal Manager, all senior managers and senior staff from the different departments – Corporate and Support, Budget and Treasury, Technical and Engineering and Community and Social services. Staff from the Budget and Treasury department, under guidance of the Chief Financial Officer, acts as secretariat to both committees. Budget Technical committee meetings are held when required to meet the deadlines stipulated in council's Schedule of Key Deadlines and report back to the Budget Executive committee every second month or when required. The Mayor and Municipal Manager act as chairperson to the Budget Executive and Budget Technical committee respectively.

The Schedule of Key Deadlines issued by National Treasury was also used as guideline for council to develop its own Schedule of Key Deadlines, which takes effect once council has approved it during August. A summarized version thereof is then advertised in the local newspapers and placed on council's web-site. Interest groups and stakeholders are annually invited to register and from part of council's Local Budget Consultation Forum. Council's IDP and Budget policy provides guidelines as to how this forum and the Sector Budget Consultation Forum should be established. Amongst others, has council ensured that at least two members of each of its sixteen ward committees are represented on the Local Budget Consultation Forum. All relevant national and provincial departments, as well as the district municipality – Ukhahlamba district municipality – forms part of the Sector Budget Consultation Forum. Council meets at least two times during the budget process and once after the draft budget has been tabled with these forums.

The Budget Executive committee, with the involvement of the ward councillors and ward committees, annually engage itself in an Outreach Programme during which community meetings are held in all sixteen wards. This has proved to be a very fruitful exercise as the community uses this opportunity to inform council of their needs. All needs / problems discussed, whether local, district, provincial or national are recorded, prioritised and summarized in a report for follow-up or inclusion into council's IDP. Non-local issues (national, provincial and district) raised are discussed at the Sector Budget Consultation Forum, whilst local issues are prioritised by the Local Budget Consultation Forum for inclusion in council's IDP.

Any matter needing a broader political overview is discussed with the full council by the Mayor and brought back to the Budget Executive committee. Council treats its IDP and budget process as one process and is always discussed at the same time at committee and forums.

Once the draft budget is tabled by the Mayor in March, the budget and required supporting documents are made available for representation and / or comments. It can either be viewed in hard copy at one of council's administrative units or on council's website – www.senqu.gov.za. The tabling and invitation to submit representation / comments are also advertised in locally circulated newspapers and on municipal notice boards.

The Budget Executive committee keeps record and deals with all representations and comments received. Any adjustments resulting there from are done before the budget is submitted for approval towards the end of May.

5.2. Alignment of Budget with Integrated Development Plan

Council's reviewed Integrated Development Plan (IDP), as discussed at various committee and forum meetings, is attached as **Annexure 2** and is also available on council's website. A hard copy thereof is available at council's three administrative units.

The following Supporting Tables would reflect council's ability to finance the priorities identified in its IDP:

Supporting Table 1 – Reconciliation of IDP and Budget – Revenue;

Supporting Table 2 – Reconciliation of IDP and Budget – OPEX (Operational Expenditure);

Supporting Table 3 – Reconciliation of IDP and Budget – CAPEX (Capital Expenditure).

5.3. Budget Related Policies Overview and Amendments

Council's budget related policies are attached as:

Annexure 3 – Budget and Integrated Development Plan (IDP) policy;

Annexure 4 – Credit Control and Debt Collection policy;

Annexure 5 – Free Basic Service and Indigent Subsidy Support policy;

Annexure 6 – Tariff policy; and

Annexure 7 – Rates policy.

Apart from the new Rates policy, the existing policies were reviewed by the Budget Executive and Budget Technical committees and no amendments thereto were required. A new Rates policy as required by the Municipal Property Rates Act, No 6 of 2004, was developed through a consultation process.

5.4. Budget Assumptions

5.5. Funding the Budget

Schedule 1 – Revenue by Source

Schedule 4 – Capital Funding by Source

Supporting Table 4 – Investment Particulars by Type;

Supporting Table 4 (a) – Investment Particulars by Maturity;

Supporting Table 5 – Government Grants and Subsidies – Allocations;

Supporting Table 6 – New Borrowings.

5.6. Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements:

Annexure 8	ESKOM	Bulk Electricity Supply to town of Barkly East	R 0
Annexure 9	ESKOM	Bulk Electricity Supply to town of Lady Grey	R 0
Annexure 10	ESKOM	Bulk Electricity Supply to town of Sterkspruit	R 0
Annexure 11	Electoral Commission	Establishment of Electoral Unit	R 0
Annexure 12	ESKOM	Free Basic Electricity to Rural consumers	R 2 272 779
Annexure 13	Department Of Transport	Registration and Licensing of motor vehicles	R 0
Annexure 14	Department of Health	Primary Health Care	R 601 560
Annexure 15	Senqu Tourism	Tourism function	R 550 000
Annexure 16	Water Service Authority	Water & Sanitation services	R 6 683 535
Annexure 17	DBSA	Local Government Network	R 0
Annexure 18	BERTA	Management Barkly East Caravan Park	R 0

Supporting Table 7 – Grants allocations.

5.7. Disclosure on Salaries, Allowances and Benefits

Council's detailed Organisational Structure is attached as **Annexure 19**.

Supporting Table 8 – Disclosure of Salaries, Allowances and Benefits;

Supporting Table 8 (a) – Summary of Total Salaries, Wages, Allowances, etc;

Supporting Table 8 (b) – Summary of Personnel Numbers.

5.8. Monthly Cash Flows by Source

5.9. Measurable Performance Objectives

5.10. Disclosure on Implementation of MFMA and Other Legislation

5.11. Budgets and SDBIPs – Departmental / Functional

5.12. Budgets and SDBIPs – Entities and Other External Mechanisms

5.13. Summary of Detailed Capital Plans

5.14. Budgeted Financial Statements

2.2. Integrated Development Plan (IDP) – 2007 / 2008

2.2.1. Review Process

- ❑ Outreach programme to all wards by the executive council of Senqu Municipality during the months of October and November 2007 to identify new priorities.

- ❑ Local Consultation Forum / Budget meetings were held at Lady Grey (January 2008), Sterkspruit (January 2008) & Barkly East (February 2008).
- ❑ Review of the IDP strategic objectives and strategies by the Budget Technical Committee on the 13 December 2007.
- ❑ Determination of projects to meet objectives and strategies.
- ❑ Alignment with the Ukhahlamba District Municipality and Sector Departments in February 2008.
- ❑ Public participation in February 2008.
- ❑ Service Level Agreements put into place and proposed budget and service delivery plans taken to Council (March 2008).
- ❑ IDP and Budget published for comment (April 2008).
- ❑ Consultation with Sector Departments (February / March 2008).
- ❑ Revise IDP and Budget if necessary (April 2008)
- ❑ Public hearings and Council Debate on IDP and Budget (May 2008)
- ❑ Amendments to IDP and Budget.
- ❑ Final approval end June 2008.
- ❑ IDP Document submitted to MEC of Department of Provincial and Local Government for comment.
- ❑ 2007/2008 IDP annual review starts in August 2008 in conjunction with budget processes.

2.2.2. 2007 / 2008 Priority Issue Areas

The following priority issues were identified during the community outreach programme and community consultations with the executive committee and management. It takes into account issues also raised during the needs analysis of the original IDP and have not changed that significantly since the original analysis:

- ❖ Institutional capacity building;
- ❖ Institutional restructuring;
- ❖ Water and sanitation;
- ❖ Addressing HIV/Aids;
- ❖ Stimulation of the economy with special emphasis on agriculture;
- ❖ Roads and storm water;
- ❖ Electricity provision; and
- ❖ Housing provision and the acquisition of land.

2.2.3. Strategic Development Objectives

Objectives	Strategies
To support the increase in the economic growth of the area by at least 3% by end June 2008.	<ul style="list-style-type: none"> • Procurement policy to support skills transfer • Initiate Job Creation Programme • Establishment of sustainable agricultural and tourism projects • Maximize natural resources • Promotion of local employment • Opening up economic opportunities • Increase Public Private Partnership • Market the potential of the area • Accelerate the establishment of SMME's • Implement Black Economic Empowerment Policy • Implement the Expanded Public Works Programme • Add value to production
To develop skills base for the community of Senqu municipal area by December 2010.	<ul style="list-style-type: none"> • Introduce Capacity Development Programmes (internal and external capacity) • Lowering the illiteracy rate • Establish accessible ABET centre • Support the Department of Education in their endeavours to educate people • Training programmes to be biased towards women, youth and disabled • Training programmes on municipal projects are coordinated and have a special focus in the area of technical and financial skills
To mobilize community for the reduction of crime and divert youth from criminal activities by the end June 2008.	<ul style="list-style-type: none"> • Consolidation of community policing forums and mobilization of key role-players in crime prevention • Support for diverse recreational and sport facilities • Safety and security awareness programmes for the community • Local Economic Development
To improve public access to social services by the end December 2014.	<ul style="list-style-type: none"> • Lobby key service providers, especially banking, telephone, and television, transport and home affairs • Improving the transportation system of the area • Municipal performance
To upgrade access roads and ensure that they are maintained sufficiently by end June 2008.	<ul style="list-style-type: none"> • Suitable storm water reticulation installed • Accessible roads are constructed • Maintenance and monitoring systems are developed and implemented • Increase capacity of Senqu Municipality to perform functions related to roads • Source funding in line with the roads function • Purchasing of plant and equipment • Roads Maintenance Plan • Illima Programme • Expanded Public Works Programme • MIG Programme

Objectives	Strategies
To provide clean water to all residents by end December 2008.	<ul style="list-style-type: none"> Lobby Water Services Authority (Ukhahlamba District Municipality)
To increase access to adequate sanitation to all residents by end December 2014.	<ul style="list-style-type: none"> Lobby Water Services Authority (Ukhahlamba District Municipality)
To ensure that more households have access to reliable electrical services by end December 2006.	<ul style="list-style-type: none"> Lobby ESKOM Upgrading existing reticulation Establishment of REDS
To ensure that more than 15 000 inhabitants have access to formal housing by end of December 2014.	<ul style="list-style-type: none"> Registration of housing applications Utilization of government housing programmes Lobby Department of Land Affairs for access to land Coordinated service provision Ensure correct town planning and zoning procedures are followed Ensure sole security of tenure Establishment of Housing Sector Plan
To ensure that all towns have access to registered solid waste sites by end December 2010.	<ul style="list-style-type: none"> Establish registered solid waste sites Develop solid waste management plan
To increase access to health services to all residents by the end of December 2014.	<ul style="list-style-type: none"> Lobby District Municipality and Department of Health to improve health facilities. Engage the Provincial Government on the Provincial hospitals Aids education in schools is improved through agreements with the Departments of Education and Health Aids education is also provided for people not at school through the use of trained and qualified local AIDS counsellors Establish basic services and infrastructure
To improve communications with all stakeholders	<ul style="list-style-type: none"> Access to information Institute systems to improve communication with institutions Intergovernmental Forum Establish communications strategy
To increase the revenue base of the municipality by at least 3% per annum.	<ul style="list-style-type: none"> Revise the current tariff structure Identify and diversify sources of revenue – enhance revenue management - implement revenue management plan / strategies Comprehensive Valuation Roll Comprehensive data base Increase service delivery Pre-paid electricity systems Implementation of the Municipal Finance Management Act

Objectives	Strategies
To develop a Disaster Management Programme by the end of June 2008.	<ul style="list-style-type: none"> • Lobby Ukhahlamba district municipality. • Compile a local disaster management plan.
To integrate and implement new by - laws and update as need requires.	<ul style="list-style-type: none"> • Update by-laws on regular basis
To improve community lighting in all towns and identify areas for installation by 2008.	<ul style="list-style-type: none"> • Installation of streetlights in towns • Installation of community lighting in villages on a phased approach • Liaise with ESKOM
To improve institutional capacity.	<ul style="list-style-type: none"> • Human Resource Development Strategy • Implementation and compliance with all Local Government Legislation • Improve administrative capacity • Implementation of Retention strategies / policies • Finalization of job evaluation • Revisit Organogram
To ensure Consultative community participation	<ul style="list-style-type: none"> • Outreach Programme/Public participation • Comply with all Local Government Legislation • Attendance of Council, Budget and IDP meetings
To improve access to community facilities by 2014	<ul style="list-style-type: none"> • Construction of community halls • Construction of shearing sheds • Construction and rehabilitation of sports grounds • Construction of clinics
To ensure additional office space in 2008/2009 financial year	<ul style="list-style-type: none"> • Extension of Municipal Offices
Address housing challenges	<ul style="list-style-type: none"> • Develop a turnaround strategy • Develop a housing policy

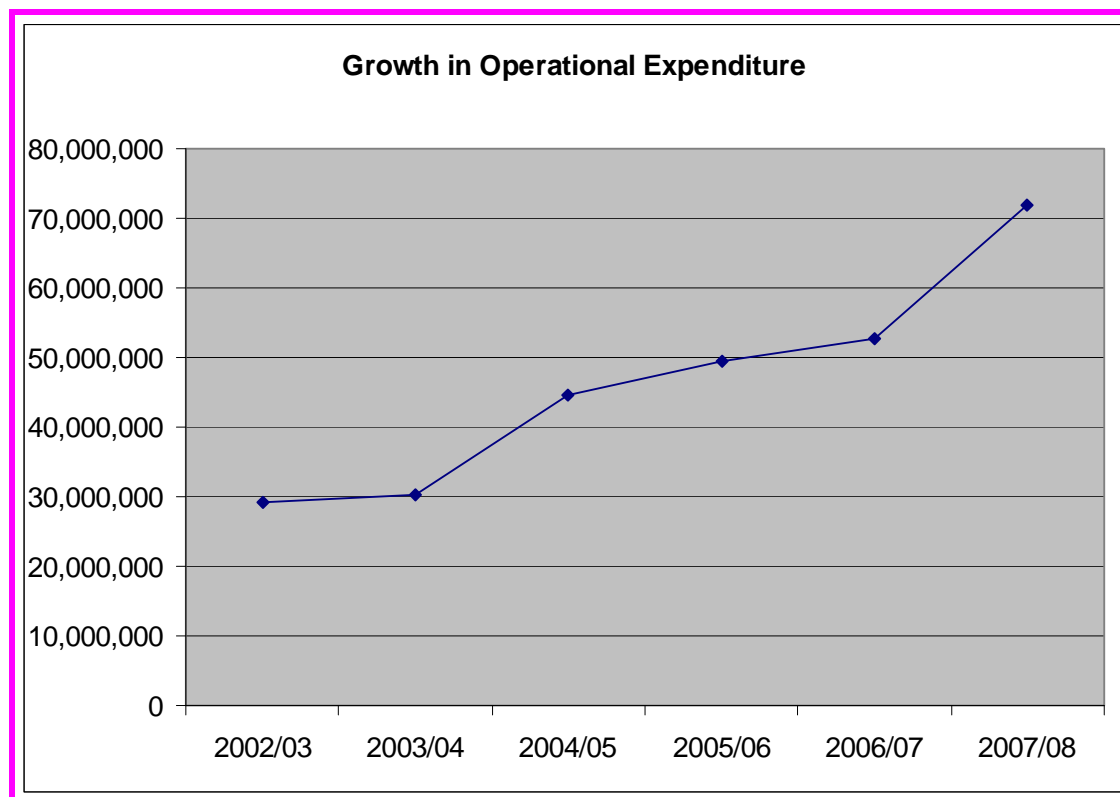
2.3. Operational Expenditure

The first challenge was to meet the guideline growth limit of 5.5% increase on expenditure set by the National Treasury. The **R 71 837 972** (R 89 677 662 less R 17 839 690 – capital expenditure) budgeted for operational expenditure is **36.60%** (R 19 248 745) more than the previous year, but only **R 6 412 868** (9.8%) more than the approved 2006 / 2007 Adjustment Budget of **R 65 425 104**, which is within the limit set. This amount includes services rendered on an agency basis on behalf of:

- Vote 4550 – Sanitation / Sewerage (WSA Ukhahlamba District Municipality) R 5 004 385
- Vote 4650 – Water (WSA Ukhahlamba District Municipality) R 4 511 930
- Vote 5250 – Primary Health Care (Department of Health) R 554 948

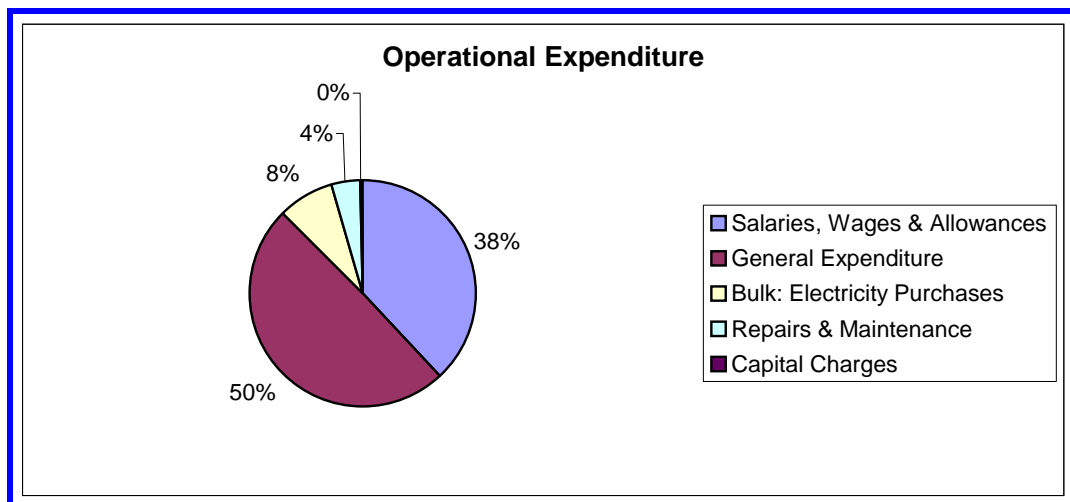
Growth in Operational Expenditure

Financial Year	2007 / 08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
Amount	71 837 972	52 589 227	49 389 882	44 155 072	29 990 615	28 965 325
Percentage Increase	36.60%	6.47%	11.86%	47.23%	3.54%	16.37%



Operational Expenditure Analysis:

	2007 / 08 Budget	2006 / 07 Budget	Variance Previous Year	Variance %	% of Total Expenditure	% of Operational Expenditure
Salaries, Wages & Allowances	27 291 710	23 538 168	3 753 542	15.95%	30.43%	37.99%
General Expenditure	35 620 357	19 052 995	16 567 362	86.95%	39.72%	49.58%
Bulk: Electricity Purchases	5 717 500	5 441 300	276 200	5.01%	6.38%	7.96%
Repairs & Maintenance	3 045 305	4 213 744	(1 168 439)	(5.93%)	3.40%	4.24%
Capital Charges	163 100	163 020	80	(0.05%)	0.18%	0.23%
Contributions to Capital Outlay	17 839 690	11 621 176	6 218 514	53.51%	19.89%	
Contributions to Funds	0	180 000	(180 000)	(100%)	0%	0%
BUDGETED EXPENDITURE	89 677 662	64 210 403	14 820 521	39.66%		
Less Contr. to Capital Outlay	17 839 690	11 621 176	6 218 514	53.51%		
OPERATIONAL EXPENDITURE	71 837 972	52 589 227	19 248 745	36.60%	100.00%	100.00%



2.3.1. Personnel Expenditure

Although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate within the norm of 30.0 - 35.0% set by the National Treasury, Department of Provincial and Local Government and SALGA by reducing the current personnel expenditure of **30.43%**. Comparative figures of the previous year are 44.76% and 44.42%.

2.3.2. General Expenditure

The General expenditure (excluding Bulk: Electricity Purchases of R 5 717 500) has increased by **86.95%** (R 16 567 362) to **R 35 620 357** which is **49.58%** of the total operating expenditure.

The following aims directly to address projects identified as priorities in Council's Integrated Development Plan:

Performance management system & agreements – <i>legal requirement</i>	1101 / 2019	R 675 990
Maintenance to existing streets & access roads	4600	R3 451 830
Repairs to pedestrian bridges	4600 / 3002	R 600 000
Supporting SMME's	5200 / 2012	R 300 000
Gxothindlala agricultural project	5200 / 2014	R 250 000
Repairs to rural sport fields	5450 / 3210	R 500 000
Repairs to fence around Sport Field in Kwezi-Naledi	5450 / 3208	R 200 000
Tourism – <i>Support to Senqu Tourism Organisation</i>	5750 / 2248	R 550 000

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2007/2008 financial year and ESKOM was requested to make this available to all consumers currently using 20 Amp or smaller meters. **R2 127 918** of Council's equitable share allocation has been earmarked for this project that would now be rolled out to Transwiler in Lady Grey and Nkululeko in Barkly East. This programme would be extended during the financial year.

2.3.3. Repairs & Maintenance

Council's intention to maintain its infrastructure and assets is clear with the amount of **R 3 045 305**, 4.24% of total operational budget allocated to repairs and maintenance.

2.3.4. Capital charges / loan commitments

Council has resolved not take up any further loans during the 2007/08 financial year.

2.3.5. Contributions to Capital Outlay

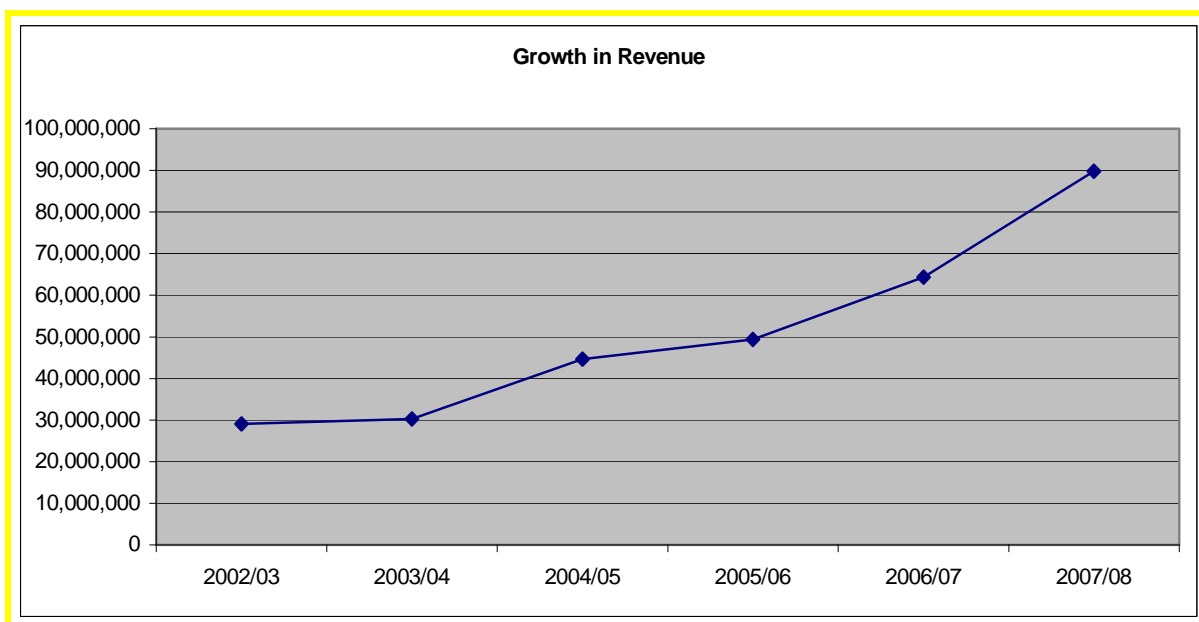
The **R 17 839 690** (19.89% of total operational expenditure) made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan and is **53.51%** more than the previous year's allocation of **R 11 621 176**.

2.4. Operational Income

The realistic anticipated revenue of **R 89 744 877** is **39.60%** (R 25 456 369) more than the previous financial year and resulted in an estimated surplus of R67 225. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

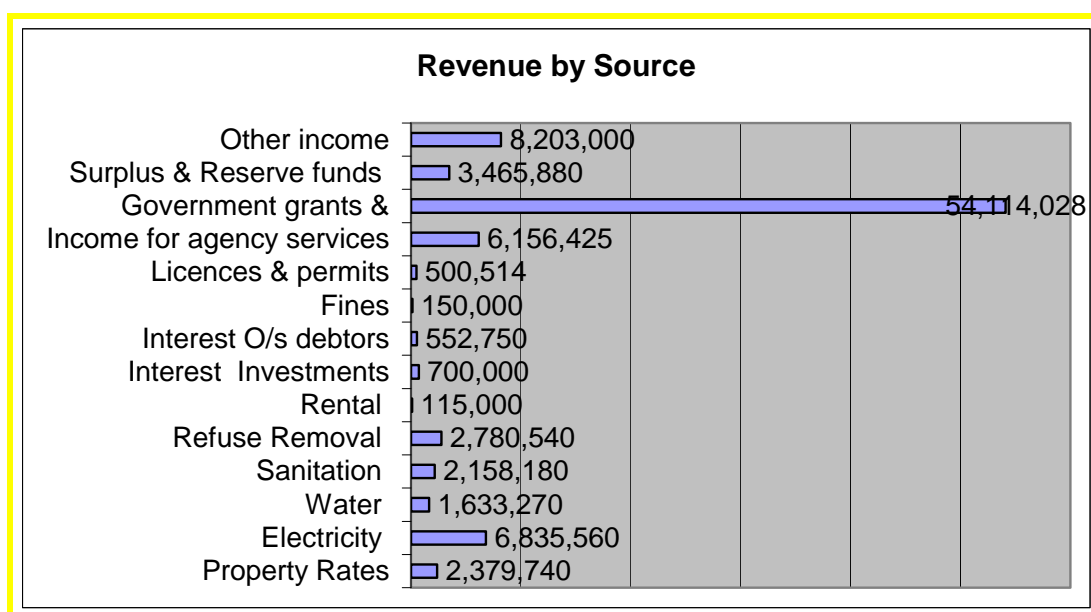
Growth in Operational Income

Financial Year	2007/08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
Amount	71 837 972	64 288 508	49 425 965	44 654 512	30 303 486	29 085 842
Percentage Growth	36.60%	30.07%	10.69%	47.36%	4.19%	13.82%



An analysis of Council's revenue sources is as follows:

REVENUE BY SOURCE	2007/2008 R	2006/2007 R
<u>Operating Revenue by Source</u>		
Property Rates	2,379,740	2,374,830
Property Rates - penalties imposed & collection charges	-	-
Service charges - electricity revenue from tariff billing	6,835,560	6,594,216
Service charges - water revenue from tariff billing	1,633,270	1,700,710
Service charges - sanitation revenue from tariff billing	2,158,180	2,328,759
Service charges - refuse removal revenue from tariff billing	2,780,540	2,544,185
Service charges - other	-	-
Rental of facilities and equipment	115,000	1,384,332
Interest earned - external investments	700,000	2,938,379
Interest earned - outstanding debtors	552,750	701,445
Dividends received	-	-
Fines	150,000	366,560
Licences and permits	500,514	1,111,622
Income for agency services	6,156,425	4,404,698
Government grants and subsidies	54,114,028	28,482,940
Surplus & reserve funds appropriated	3,465,880	6,638,200
Other income	8,203,000	822,824
Public contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
TOTAL	89,744,887	62,393,700



2.4.1. Equitable Share

Council's Equitable share allocation was increased by **12.95%** (R 6 350 812) from **R 27 649 635** to **R 31 230 447**, which include **R1 143 179** as a contribution to the increase in Councillor's remuneration and remains Council's major source of income.

The following demographic data (from the 2001 Census statistics) was used for calculating council's equitable share and MIG allocations:

	2007/2008
Population	135 141
Number of households (71% Formal and 28.9% Informal)	34 051
Number of households earning less than R800 per month	25049
Number of households earning less than R1 600 per month	29950
Water backlog	21169
Sanitation backlog	34188
Electricity backlog	12723
Refuse backlog	34192
Housing backlog	1453
Estimated poverty rate	88%

Growth in Equitable share allocation:

Financial Year	2007 / 08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
Basic Services	30 087 268	18 970 381	17 587 990	21 951 611	17 879 436	17 710 905
Free Basic Electricity		2 802 722	2 802 722	2 268 064	1 864 011	
Free Basic Services		4 519 732	3 302 046	2 348 805	1 758 511	
Add Councillor Supp	1 143 179	1 356 800				
Total Allocation	31 230 447	27 649 635	23 692 758	26 568 480	21 501 958	17 710 905
% Growth	12.95%	16.70%	(10.82%)	23.56%	21.41%	17.95%

2.4.2. Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

National Government

- **R250 000** for the implementation of the Municipal Finance Management Act;
- **R411 700** for the establishment of a MIG Project Management Unit.

Provincial Government

- **R 140 000** for Human resources Development;
- **R 400 000** for Valuation Roll;

District Municipality

- **R5 554 865** for rendering auxiliary support services for water and sanitation.

2.4.3. Own income

Council's sound financial management since establishment during December 2000 has lead to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the first six months of the 2007 / 2008 financial year.

2.4.4. Operational Income analysis

REVENUE BY SOURCE	2007/2008 R	2006/2007 R
<u>Operating Revenue by Source</u>		
Property Rates	2,379,740	2,374,830
Property Rates - penalties imposed & collection charges	-	-
Service charges - electricity revenue from tariff billing	6,835,560	6,594,216
Service charges - water revenue from tariff billing	1,633,270	1,700,710
Service charges - sanitation revenue from tariff billing	2,158,180	2,328,759
Service charges - refuse removal revenue from tariff billing	2,780,540	2,544,185
Service charges - other	-	-
Rental of facilities and equipment	115,000	1,384,332
Interest earned - external investments	700,000	2,938,379
Interest earned - outstanding debtors	552,750	701,445
Dividends received	-	-
Fines	150,000	366,560
Licences and permits	500,514	1,111,622
Income for agency services	6,156,425	4,404,698
Government grants and subsidies	54,114,028	28,482,940
Surplus & reserve funds appropriated	3,465,880	6,638,200
Other income	8,203,000	822,824
Public contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
TOTAL	89,744,887	62,393,700

2.5. Water Service Authority (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: Ukhahlamba district municipality. The tariffs were increased during 2007/2008. The tariffs increased by 100% - it now becomes very costly to purchase water. The WSA was again requested to honour Council's Free Basic Services and Indigent Subsidy Support Policy.

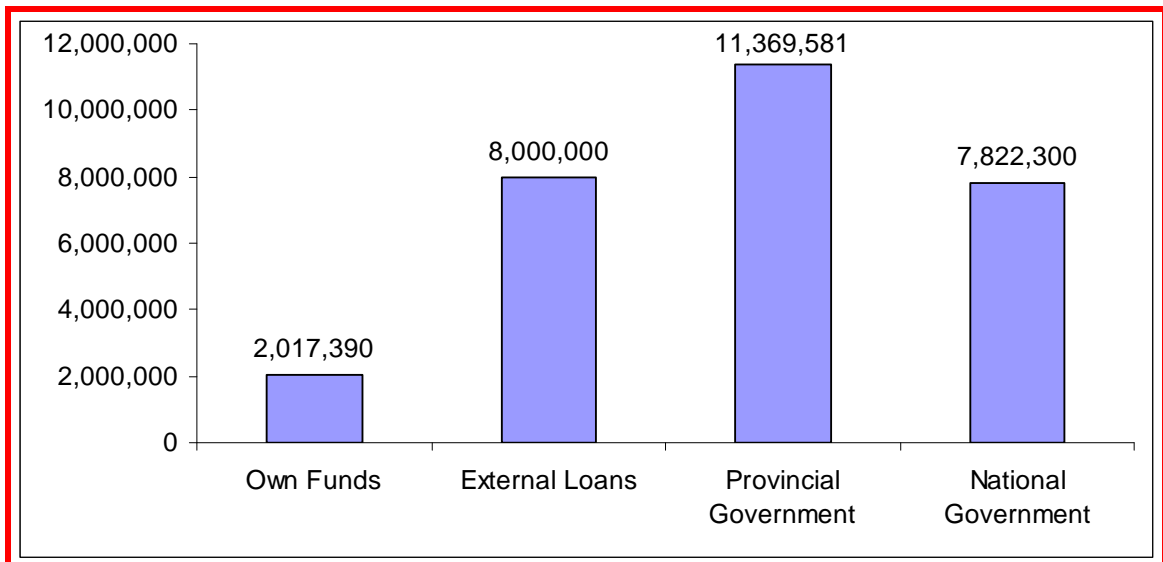
A service delivery agreement between the WSA: Ukhahlamba district municipality and WSP (Water Service Provider): Senqu municipality has been entered into during 2006/2007 however; this arrangement is on a more informal basis and a more relevant legalized document is being developed by UKDM to be signed during 2008/2009 financial year. Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets, and notwithstanding the overall poor quality of water (having improved), negative publicity to the Ukhahlamba District Municipality and Senqu Municipality a result of the Baby Death incidents, poor infrastructure and the operational challenges that have been identified, it must be acknowledged that plans and funding have been leveraged by the District to resolve these issues over time.

2.6. 2007 / 2008 Capital Budget

Council's three-year capital programme:

	2006 / 2007	2007 / 2008	2008 / 2009	2009 / 2010
INFRASTRUCTURE ASSETS				
▪ Electricity	1 074 000			2 050 000
▪ Roads	1 489 078	7 088 497		133 018 900
▪ Sewerage / Waste	846 053	46 053		
▪ Water	600 726	200 000		
COMMUNITY ASSETS				
▪ Buildings	3 872 936	8 627 390		13 700 000
▪ Recreational Facilities	1 200 000	687 750		300 000
▪ Security Measures	521 872			
▪ Cemeteries	2 657 661			200 000
OTHER ASSETS				
▪ Buildings	3 100 000	500 000		8 000 000
▪ Office Equipment	430 000	540 000		
▪ Furniture & Fittings	116 450			
▪ Bins & Containers				
▪ Emergency Equipment				
▪ Motor Vehicles	180 000			
▪ Plant & Equipment	3 320 000	150 000		150 000
HOUSING	20 631 437	11 369 581	15 262 000	279 618 600
TOTAL	40 040 213	29 209 271	15 262 000	429 037 500

The R 29 209 271 is funded as follows:



3. **2007/ 08 FINANCIAL RESULTS**

3.1. **2007 / 08 Financial Statements**

The Annual Financial Statements for the period ended 30 June 2008 was compiled and submitted to the Municipal Manager on 24 August 2007, where after it was reviewed in terms of section 166(2)(b) by the audit committee. On 25 September 2007 the statements was presented to, discussed and approved by the municipal council of Senqu Municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

A copy of these statements is attached hereto as **Annexure A**.

3.2. **Operational results**

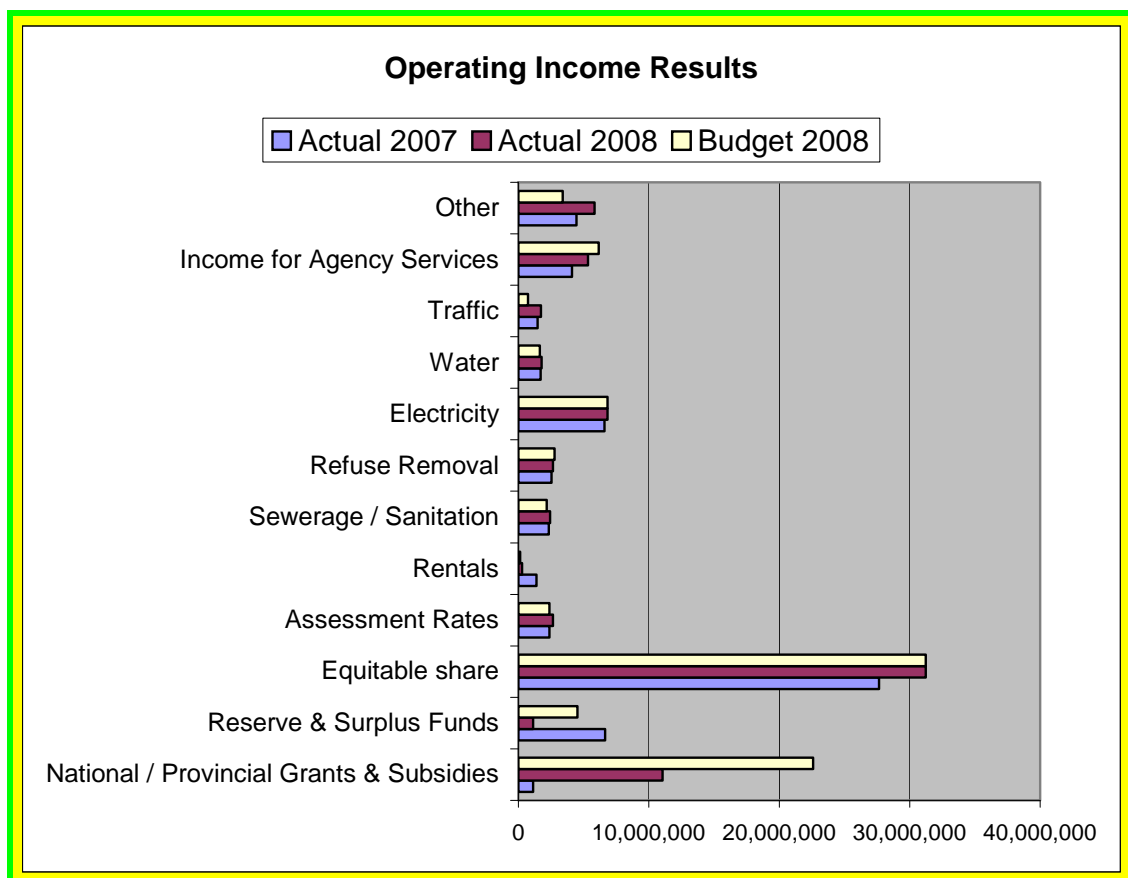
	2008	2007	Variance	2007 Budget	Variance Actual/ Budget
INCOME					
Opening Surplus	35 406 734	33 940 225			
Operating Income for the Year	72 896 170	62 401 593	15.51%	84 550 593	(13.78%)
Sundry Transfers	83 056	(5 794 969)			
Closing Deficit	0	0			
	108 385 960	90 546 849			

EXPENDITURE	2008	2007	Variance	2007 Budget	Variance Actual/ Budget
Opening Deficit	0	0			
Operating Expenditure for Year	65 265 946	55 140 115	9.29%	84 353 394	(22.63%)
Sundry Transfers	0	0			
Closing Surplus	43 120 014	35 406 734			
	108 385 960	90 546 849			

3.2.1. Operating income results

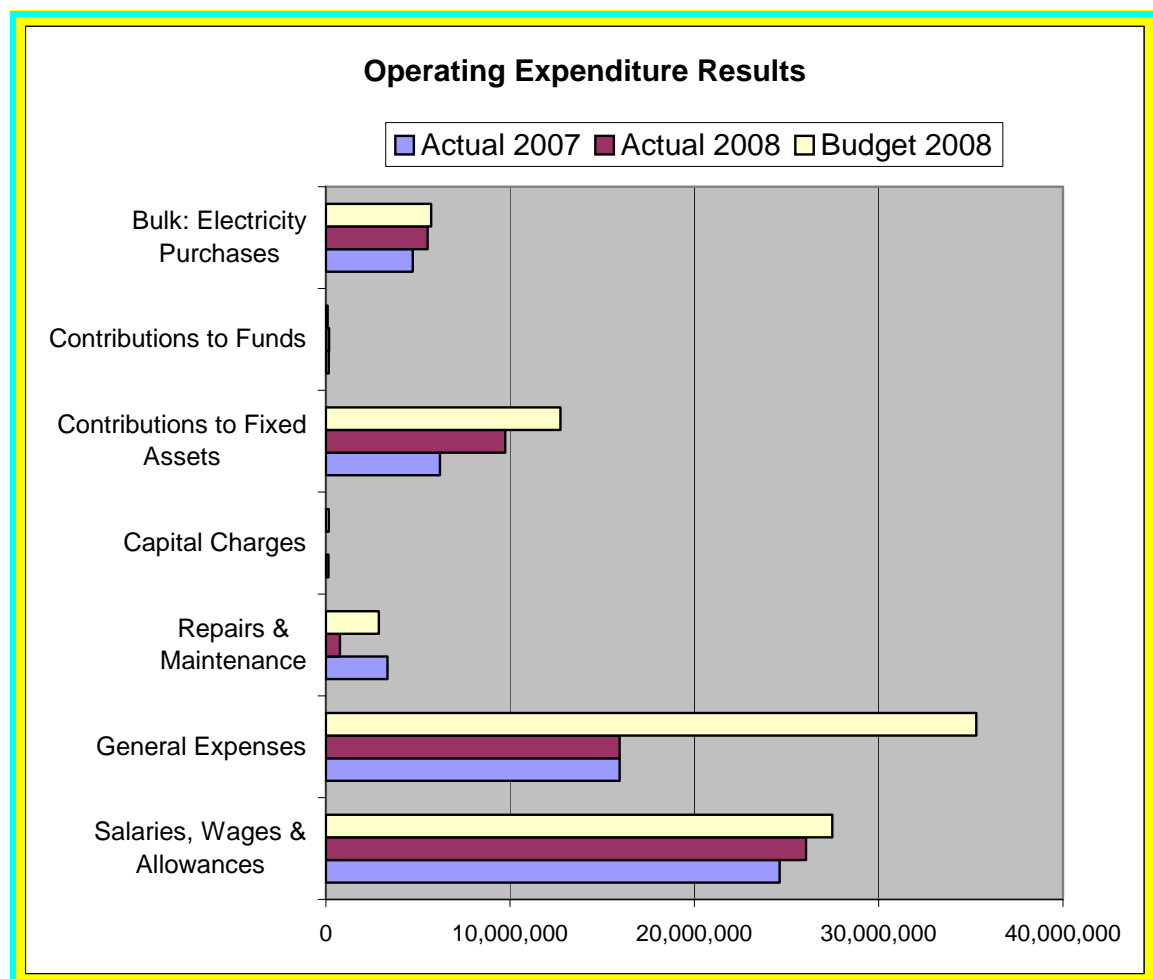
ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008

ACTUAL 2007 R		ACTUAL 2008 R	BUDGET 2008 R
INCOME			
1,130,884	National / Provincial / District Grants & Subsidies	11,056,617	22,592,890
6,646,096	Reserve & Surplus Funds	1,131,151	4,523,827
27,649,635	Equitable share	31,230,447	31,230,447
2,374,830	Assessment Rates	2,653,246	2,379,740
1,384,330	Rentals	273,226	130,000
2,328,759	Sewerage / Sanitation	2,415,462	2,158,180
2,544,185	Refuse Removal	2,647,727	2,780,540
6,594,216	Electricity	6,822,647	6,835,560
1,700,710	Water	1,775,867	1,633,270
1,478,181	Traffic	1,721,230	738,514
4,107,121	Income for Agency Services	5,334,167	6,156,425
4,462,646	Other	5,834,383	3,391,200
62,401,593		72,896,170	84,550,593



3.2.2. Operating expenditure results

ACTUAL 2007 R	EXPENDITURE	ACTUAL 2008 R	BUDGET 2008 R
24,630,171	Salaries, Wages & Allowances	26,055,139	27,484,175
15,954,160	General Expenses	15,954,160	35,288,209
3,348,098	Repairs & Maintenance	770,449	2,878,835
140,617	Capital Charges		163,100
6,185,732	Contributions to Fixed Assets	9,732,433	12,731,575
156,735	Contributions to Funds	178,112	90,000
4,724,602	Bulk: Electricity Purchases	5,522,173	5,717,500
55,140,115	Gross Expenditure	65,265,946	84,353,394
	Less: Amounts charged out		
55,140,115	Net Expenditure	65,265,946	84,353,394



3.3. **Capital expenditure and financing**

The expenditure on assets occurred during the financial year amounted to **R 9 732 433**; 20.79% less than the previous years expenditure of **R12 287 018**. The actual expenditure is 42.94% of what was budgeted for (R22 666 050) and consists of the following:

		2007 / 08	2006 / 07	2005 / 06
Land & Buildings	Land	0	24 334	0
	Buildings	449 747	2 469 254	0
Infrastructure Assets	Electricity	0	0	484 277
	Roads, Streets and Storm Water	5 088 378	3 812 629	4 922 412
	Sewerage & Solid Waste	145 144	0	1 401 760
	Water	0	0	0
Community Assets	Buildings	2 234 521	3 583 808	2 898 364
Other Assets	Buildings	0	0	515 651
	Office Equipment	435 116	261 470	165 136
	Furniture and Fittings	35 478	80 569	84 866
	Bins & Containers	0	0	18 625
	Motor Vehicles	434 232	1 051 525	512 089
	Plant and Equipment	909 817	1 003 429	2 742 593
		9 732 433	12 287 018	13 745 773

Resources utilized to finance these fixed assets were as follows:

	2007 / 08	2006 / 07	2005 / 06
Municipal Infrastructure Grant (MIG / CMIP)	6 231 333	6 101 286	7 606 658
Trust and Reserve Funds	0	0	0
Operational Expenditure Contributions Ex Revenue	3 501 100	6 185 732	6 139 115
	9 732 433	12 287 018	13 745 773

R3 010 530 of the budgeted R9 934 475 (30.30%) was spent on three housing projects currently in progress. The Department of Housing, Local Government and Traditional Affairs finance all three housing projects.

3.4. **Funds and reserves**

Full detail of Council's Statutory Funds, Reserves and Trust Funds are reflected as Appendix A on page 19 of the enclosed Annual Financial Statements – see **Annexure A**.

The following contributions were made towards council's Funds and Reserves:

• Statutory funds	Revolving Fund	178 112
• Trust funds	Peach and Vegetable Processing	155 708
	Heritage Management	229 912
	Co-op's Development	134 186
	Human Resource Development	118 858
	People's Housing (Lady Grey)	3 800
	Municipal Finance Management	250 000
	Spatial Development Framework	674 200
	Valuation Roll	400 000
	Municipal Infrastructure Grant	6 934 416

All Council's Funds and Reserves are cash backed by investments and/or cash in the bank.

3.4.1. **Intergovernmental grants (National)**

Allocation	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Expenditure
Equitable Share Received	10 410 149	7 807 612	13 012 686	-	31 230 447
Municipal Finance Management Received		250 000			294 464
Municipal Infrastructure Grant Received	4 100 000	1 547 000	687 415	600 000	6 753 388

3.4.2. **Intergovernmental grants (Provincial)**

Allocation	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Expenditure
Human Resource Development Received	118 858				118 858
Valuations Roll Received	400 000				263 840

3.5. Assets and liabilities

3.5.1. Investments and cash

Council's primary bank account is held at Standard Bank, Lady Grey. The existing signatories on all bank and investment accounts are:

- | | |
|----------------|-----------------------------|
| ○ M M Yawa | Municipal Manager |
| ○ C R Venter | Manager: Financial Services |
| ○ C N Sbukwana | Accountant: Expenditure |
| ○ A K Fourie | Budget & Treasury Officer |

Required that any two of the above-mentioned signatories authorize any payment or transfer from any of Council's bank or investment accounts.

Only one bank account is maintained: Standard Bank, Lady Grey (Acc No 28 063 130 8)

<u>30 June 2008</u>	<u>30 June 2007</u>
R 909 098	R1 366 699
R 909 098	R1 366 699

Cash advances are restricted to the minimum and is only available to Cashiers:

Lady Grey Administrative Unit	R 100.00	R 100.00
Barkly East Administrative Unit	R 100.00	R 100.00
Sterkspruit Administrative Unit	R 200.00	R 200.00
Barkly East Traffic Department	<u>R 500.00</u>	<u>R 500.00</u>
	R 900.00	R 900.00

During this financial year council earned an average interest of 8.24% on its investments which amounted to **62 405 513**. This amount is invested over different periods:

Short term / call deposits	R 9 925 243	R 4 787 108
Medium term / 32 days	R 40 195 062	R 36 575 481
Long-term	<u>R 12 285 208</u>	<u>R 11 439 396</u>
	R 62 405 513	R 52 801 986

Investments are held at:
Standard Bank, Lady Grey; and
StanLIB, Queenstown.

3.5.2. Long-term debtors

Council has policies in place, which entitle Section 57 employees and full-time councillors (Mayor and Speaker) to apply for housing and motor vehicle loans financed from Council's Revolving fund. These loans are repayable over a period of five years (60 months) at an interest rate of 8.00%. Details are as follows:

Debtor	Purpose	Outstanding as at 30 June 2008	Outstanding as at 30 June 2007	Outstanding as at 30 June 2006
M M Yawa	Motor Vehicle	0		11 389.24
C R Venter	Motor Vehicle	0		25 424.21
Z A Williams	Motor Vehicle	0		28 380.52
Z I Dumzela	Motor Vehicle	0		15 267.85
J van Rensburg	Housing	59304.49	71720.94	82 960.49
M M Yawa	Housing	0		36 504.69
R N Crozier	Motor Vehicle	0		57 975.87
Z A Williams	Housing	0		50 322.16
Z I Dumzela	Housing	0	0	0
P G du Toit	Motor Vehicle	0	0	107 047.72
TOTAL		59304.49	71720.94	308.225.03

It is anticipated that 13716.00 of this loan would be recovered during the 2008/09 financial year.

3.5.3. Trade debtors

The following trade debtors were due to council as at 30 June 2008:

Debtor	Purpose	Amount
South African Revenue Services	Value Added Tax	1 192 747
Gariep Municipality	Advance	779 131
Ukhahlamba District Municipality	WSA Services rendered	2 198 132
Other		48 280
TOTAL		4 218 290

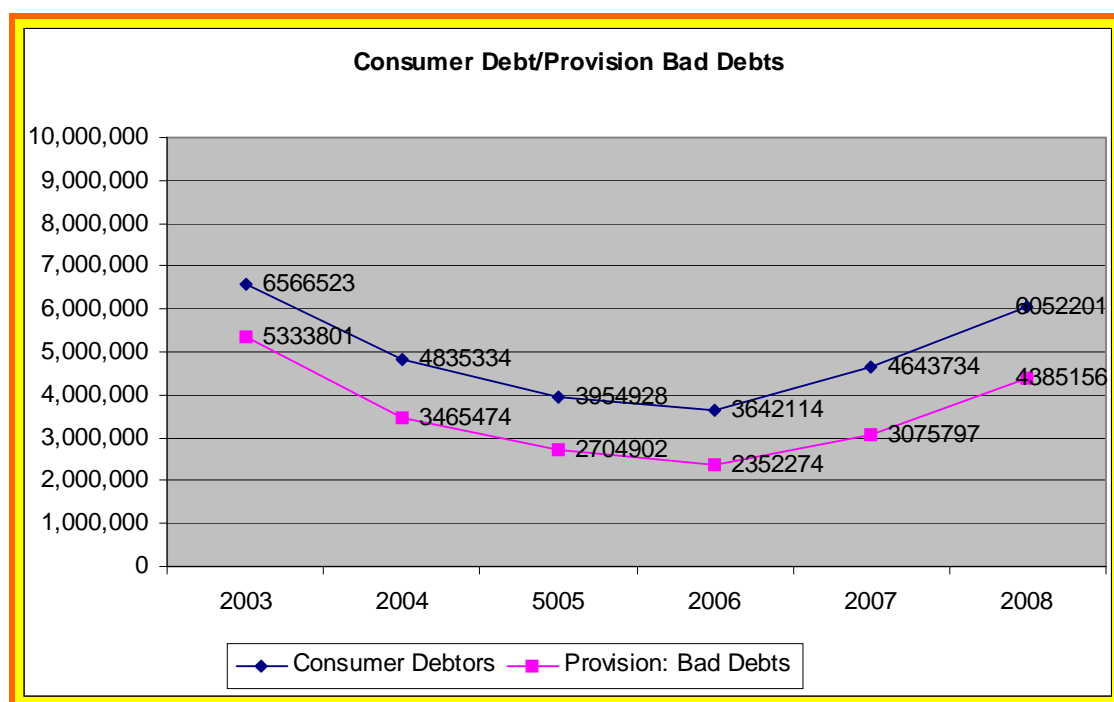
3.5.4. Consumer debtors

Council's outstanding consumer debtors have again increased by **27.50%** (R 1 001 620.47) from R 3 642 114,50 to **R 4 643 734.97** during this

financial year and the age-analysis thereof are as follows:

Service	Balance at 30 June 2008	Current	30 days+	60 days +	90 days +	120 days+
Water	842 996.60	91 996.55	35 709.52	28 427.84	32 748.49	654 114.20
Electricity	1 135 729.47	612 414.37	229 317.18	100	111 764.07	81 932.44
Miscellaneous	12 749.05	848.00	820.00	301.41	820.00	9 441.05
Sewerage	988 902.97	117 686.57	48 356.12	820.00	69 953.94	710 647.53
Refuse removal	1 031 997.59	103 248.12	43 998.12	69 953.94	57 419.64	790 937.92
Rates	1 937 432.24	34 307.05	62 346.58	57 419.64	84 085.12	1 701 023.75
Encroachments	(1 225.26)	.20	.20	84 085.12	.20	(1 226.06)
Rentals	102 392.87	11 487.34	9 425.95	.20	11 575.12	68 692.94
Building Clause	(203.30)			11 575.12		(203.30)
	6 050 772.23	971 988.20	429 973.67	368 366.58	368 366.58	4 015 360.47

Provision was also made for bad debt for the all consumer debt exceeding 90 days:



A General Valuation throughout all urban areas situated within the Senqu municipal area has been completed. The result:

Town	No of Erven	Total Size of all Erven	Total Valuation of Land	Total Valuation of Improvements	TOTAL
Barkly East / Nkululeko / Fairview	2 097	9 082 091	3 032 350	73 216 050	76 248 400
Herschel	179	184 433	184 300	2 695 900	2 880 200
Lady Grey / Kwezi-Naledi / Transwilger	2 245	25 802 054	3 456 700	43 051 030	46 507 730
Rhodes / Zakhele	313	293 609	12 383 500	13 614 000	25 997 500
Rossouw	265	8 393 989	479 800	925 100	1 404 900
Sterkspruit	274	3 755 876	6 463 000	16 767 500	23 230 500
Agricultural Land	1 400				291 176 650
TOTAL	6 773	47 512 052	25 999 650	150 269 580	467 445 880

3.5.5. Provisions

At year-end the following provisions were made for expenditure that would incur during the 2007/ 08 financial year:

Service Provider	Purpose	Amount
Auditor-General	Audit Fees – 2007 / 08	494 225
Bad Debts	Consumer Debtors	4 385 156
	Leave	1 028 013
	Performance Bonuses	636 625
TOTAL		6 544 019

3.5.6. Trade creditors

The following trade creditors were not yet paid at year end:

Creditor	Amount
Various creditors – rendering operational goods and services during June 2008y	0
Various third party payments – salary deductions for June 2008	47 650
Department of Transport – motor vehicle registration collections for June 2008.	18 187
SARS – VAT on unpaid consumer accounts.	491 182
Project Funds – received in advance	223 680
Insurance Refund	0
	780 699

3.5.7. Consumer deposits

An amount of **R 369 858** (30 June 2007 – R314 728.18) is held as deposits on water and electricity services rendered to consumers.

4. **AUDIT REPORTS AND CORRECTIVE ACTIONS**

The auditing of the financial statements for the period ended 30 June 2008 has commenced during August 2007 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2008 is attached hereto – see **Annexure B**.

4.1. **Corrective Actions**

The Report of the Auditor-General is currently being dealt with by the Audit Committee.

5. **CHALLENGES**

The following is seen as the challenges that need to be accomplished during the 2007/08 financial year:

- Compliance and implementation of the **Municipal Finance Management Act (MFMA)**
- Implementation/conversion to GRAP - Compliance required by 2009 this department would continue with the implementation of **GAMAP** (Generally Accepted Municipal Accounting Practices), which was started during the 2002/2003 financial year.
- Implementation/conversion to GRAP. Senior financial staff continue to be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department;
- Various new and existing **policies will be compiled/reviewed** and the all stakeholders will be consulted as required;
- **Training** of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- Implementation of a comprehensive **Information Technology (IT) system** has been completed and the training of the employed IT/GIS Operator would proceed as to enable council to be as independent as possible from external service providers;
- **Implementation of Geographical Information System (GIS)**, phase II will proceed;
- During the next financial year all **assets** would be bar-coded and listed as required for the implementation of GAMAP
- Budget and IDP completed; compliance with Audit query raised in this respect.
- Finalization of Cash flow statements;
- Finalization of Measurable performance objectives
- SDBIP'S for 2007/2008 completed, monitor, evaluated and report on implementation during 2007/2008;
- Population of Performance Scorecards and Agreements for s57 has been completed in May 2008.
- Population and Finalization of Performance Scorecards and Agreements for 25 middle management posts by June 2008 – not achieved and will be achieved by June 2009.

- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Budget & Treasury Department.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding

6. CONCLUSION

The 2007/2008-year has yet again provided the Budget & Treasury department many challenges.

Challenges are regarded as opportunities for growth and development, without which Senqu Municipality would not be able to meet the communities' needs and be given the opportunity to develop.

- Implementation of the Municipal Finance Management Act and its implementation has placed many requirements on the municipality. This has resulted in management, senior staff and all the Executive Committee members being trained in terms of the requirements of the Act (now implemented).
- The implementation and conversion to GRAP has been our challenge and the department has to ensure training of senior financial staff in terms of implementation and to obtain assistance from external service providers should where deemed necessary.
- Training has been undertaken in respect of the challenges of the MFMA and new Supply Chain Management regulations, Performance Management and, IT.
- The IDP (Integrated Development Plan) has been reviewed and the SDBIP's (Service Delivery Budget and Implementation Plans) have been developed and assessed as required on a quarterly basis, in order to target and manage performance within the organization.
- Infrastructure development has been a constant challenge from a financial and resource point of view but we remain remains focused, and development has occurred in many areas.
- Our biggest challenge relates to the qualified audit report received. Based on the emphasis of matter (contained within this report), certain concerns and administrative and financial weaknesses were highlighted and are urgently required to be addressed.

In conclusion, I wish to place on record my sincere thanks and appreciation to all the departmental heads and support staff in the Finance Department that have contributed and assisted this department in achieving our goals and objectives during 2007/2008.

I further wish to place on record my sincere thanks and appreciation:

- ◇ To the honourable Mayor, Mr Z. I. Dumzela for his ongoing support, and for the guidance from the Executive Committee.
- ◇ To the members of the Finance Standing Committee your support, is appreciated.
- ◇ To the Municipal Manager and other Heads of Department, your support, encouragement and co-operation contributed to the successful results this department is able to table. It is a privilege to be part of such a supportive management team.
- ◇ To the Mayor, Speaker and Councillors, on behalf of the management team and Finance Department of Senqu municipality, herewith the annual report for the period ended 30 June 2008 of the Budget & Treasury Department of Senqu Municipality.

C R Venter
Chief Financial Officer

**Audited Financial Statements -- attached as
Annexure A**

**Report of the Auditor General -- attached as
Annexure B**

Response to the Auditor General's Report

Senqu Municipality's Response to the Auditor General's Report on Consolidated Financial Statements for the year ended 30 June 2008

Purpose

In terms of the Public Audit Act No 25 of 2004 and s121(3)(g) of the Municipal Finance Management Act, Act No 56 of 2003, it is required that the particulars of any corrective action taken or to be taken in response to issues raised in audit report, be included in the annual report of the Municipality.

Detailed below are the comments in response to the Auditor-General's Report with reference specifically to the numbering as it appears within the Audit Report.

Basis for qualified opinion

Revenue

9. A qualification was received due to the amount of electricity distribution losses experienced – which could not be stated as normal technical distribution losses and as a result caused an understatement of revenue, debtors of R1.69Million at a safe tariff of R0.4380 per kilowatt-hour.
10. No compliance was apparent in respect of s77 of the Municipal Property Rates Act (No 6 of 2004) which requires an update twice annually. Reconciliation figures found that the property rates income was understated. This issue will be easily remedied by conducting the correct valuation roll updates.

Irregular Expenditure

11. Failure to compensate tourism in respect of s67 of the MFMA and deemed to be irregular expenditure. All monies due will be reimbursed.
12. Irregular expenditure in that a housing allowance was provided to the Mayor, which is contrary to relevant legislation. This provision will now be required to be reversed.
13. Failure to disclose the total irregular expenditure of R0.7Million within the financial statements is noted and this will be remedied in all future financial statements.

Provisions

14. The Municipality has a legal obligation (s28 of the National Environmental Management Act, No 107 of 1998) to restore landfill sites. Records are not being maintained regarding the capacity of these sites and they are therefore not being maintained. As a result there is no provision for the rehabilitation of these sites – although this is difficult to quantify due to the lack of appropriate records.

Accurate records will now be maintained and maintenance funds will be raised in the financial statements.

Qualified Opinion

These matters reflected above have resulted in a qualification and every effort will be made to ensure that similar qualifications do not again present themselves in the new year.

OTHER MATTERS

Internal Controls

The root causes that have led to the audit qualification have been identified as inefficient internal controls and financial risk management issues, together with inefficient information and communication within the areas of revenue, expenditure and provisions

Non-Compliance with applicable legislation

Various sections of legislation have not been complied with and these are reflected from 17-23. These related very simply to the following :

17. Non-compliance in respect of the Sterkspruit disposal site;
18. Non-disclosure of loss in the financial statements;
19. Failure to record and recover private telephone costs.
20. Non-Compliance with sections 53 and 70 of the Municipal Systems Act, No 32 of 2000 on the delegation of powers and duties and the Code of Conduct to staff members and communicated to local communities.
21. Non-compliance with the Code of Conduct for Councillors and for Municipal Staff members.
22. Non-adherence to the Municipal Investment Regulations regarding the prohibited investments and types of investments.

23. Non-adherence to the VAT Act re validity of tax invoices.

In respect of the above, it is the intention of Senqu Municipality to establish an Audit Plan, which will emanate from the appointment of an Audit Committee. This Audit Plan will focus specifically on addressing all of the issues highlighted within this report and will focus on ensuring further compliance at every level.

MATTERS OF GOVERNANCE

Internal Audit

24. In respect of the findings related to risk management and control, it was established that :

- The internal audit function had not substantially fulfilled its responsibilities for the year as set out in s165(2) of the MFMA.

This issue will be addressed through the development and implementation of the Audit Plan.

Other matters of governance

- The annual report was not submitted to the Auditor for consideration prior to the date of the Auditor's report.
- The financial statements submitted for audit were subject to material amendments as a result of the audit.
- Significant difficulties were experienced during the audit in respect of delays and the unavailability of expected information and the unavailability of senior management.

These issues will be addressed through the development and implementation of the Audit Plan.

OTHER REPORTING RESPONSIBILITIES

Audit Findings (Performance Information)

Non-compliance with regulatory requirements.

30. Non-submission of a performance report for audit purposes.
31. Non-compliance with submission of performance information in respect of:

- s30 of the MFMA (No 32 of 2000), in respect of the drafting of the IDP (responsibility of drafting IDP to Municipal Manager)
- s26(c), (d) and (h) of the MSA – alignment of strategies and development of financial plan with 3-year budget projection.
- s36 of the MSA – in respect of informing the community of the implementation of the IDP.
- Regulation 8 – adoption of the PMS before or at the same time as setting KPI's and targets from IDP;
- S40 of MSA – establishing mechanisms to monitor and review the PMS.
- MFMA s54(1)(c), 71 and 72 relating to revisions of the SDBIP.
- MSA s41; Reg 13 – relating to quarterly performance reviews.

32. The IDP including performance targets as per s26(1) of the MSA.

In this regard, all issues relating to Performance Management will be resolved through formal structures and will form part of the brief of the Audit Committee to ensure compliance. The Audit Plan will also give effect to the steps required to address the shortcomings and qualification as detailed above.

Lack of sufficient appropriate audit evidence

This will again be addressed by the Audit Plan through the establishment of the Audit Committee.

Concluding remarks

In concluding, it must be acknowledged that whilst a qualified audit opinion was obtained, which is highly regrettable, it is of some comfort to acknowledge that the issues raised and highlighted above can and will, be resolved and remedied within the next financial year.

First and foremost is the establishment of the Audit Committee and the resultant Audit Plan to ensure insight and compliance at every level. As a critical area, formal commitment is provided to addressing these issues as a top priority and to prevent reoccurrence.

REPORT OF THE INTERNAL AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE COMMITTEE AND COUNCIL OF THE SENQU MUNICIPALITY

We are pleased to present our report for the financial year ended 30 June 2008
Audit Committee Members and Attendance.

The Audit Committee was established during 2004 and consists of the following members:

Name of Member	Number of Meetings attended for the financial year ended 30 June 2008
Mr. D Du Plessis (Chairperson)	4
Mr. G De Jager	3
Mr. .J. Hattingh	4

Audit Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference via the Audit Committee Charter, which have been approved by the Municipal Manager.

Evaluation of Annual Financial Statements

These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA.

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and Council;
- Reviewed the Auditor-General management letter and management's response thereto;
- Reviewed the selection of accounting policies and practices;
- Reviewed the effectiveness of the internal control systems;
- Reviewed the effectiveness of internal audit;
- Reviewed the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- Reviewed the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Reviewed the accounting and auditing concerns identified as a result of internal and external audits;
- Reviewed the Municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

The Audit Committee concurs, accepts the Auditor General conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Performance Measurement

The Audit Committee notes an improvement in the method of reporting the performance of the Municipality.

Risk Management

Whilst progress has been made in the establishment of the risk management structure and framework, a risk management function and process was not established and implemented for the year under review. This includes the establishment of a Risk Committee and the facilitation of strategic and operational risk assessments.

Conclusion

The Committee is pleased to note a number of improvements during the year end overall governance and control

The Committee fully supports the Municipality on its journey of improved service delivery and a successful 2010 Soccer World Cup event.

Mr. D Du Plessis
Chairperson of the Audit Committee
Senqu Municipality: Lady Grey

20 January 2008

CHAPTER

5.

FUNCTIONAL AREA

SERVICE DELIVERY

REPORTING

5.1. COMMUNITY SERVICES DEPARTMENT

PICTURE OF HOD AND
NAME

Ms Gologolo

OBJECTIVE

To ensure efficient and effective services to the community.

VISION

To provide social services, promote social development thus creating a better lifestyle for the people of Senqu.

MISSION STATEMENT

The Community and Social Services Department promotes social development by providing primary health services, community services and facilitates development of local economic development.

This department is responsible for the following functions:

- φ *Library Services*
- φ *Community Halls and facilities*
- φ *Cemeteries*
- φ *Sport and Recreation facilities*
- φ *Parks and Public Open Spaces*
- φ *Health: Robert Mjobo Clinic*
- φ *Public Safety*
- φ *Local Economic Development*
- φ *Commonages/Pounds*

COMMUNITY AND SOCIAL SERVICES SECTION

The functions of the provision of various Community and Social Services within the Senqu Municipality is administered as follows and key issues are identified within each function below :

LIBRARIES

The overall objectives of this function are to provide reading and study material amongst the youth.

Section Objectives (2007/08)

- The installation of electricity in the Sterkspruit Library and the supply of library material
- Purchase of computers for the three libraries
- Selection of books from the book fare
- Promotion and participation in the library week activities
- Promotion of library in rural areas

Nature and extent of facilities provided

Library Services

LIBRARY	NO. OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	55	298
Rossouw	1	96	102 – Library closed in January
Barkly East	1	698	7856
Lady Grey	1	860	5187
Sterkspruit	1	97	3320

COMMUNITY HALLS

The overall objectives of this function are to provide new facilities in the rural areas and to maintain existing facilities.

Strategic Objectives

- Renovation of the Transwilger hall
- Building of two (2) Community Halls in the rural area Tapoleng and Majuba
- Handing over of completed multi purpose centres

Nature and extent of facilities provided

Community Halls/Facilities

Barkly East	-	3 facilities
Lady Grey	-	3 facilities
Sterkspruit (town)	-	1 facility
Sterkspruit (rural areas)	-	12 facilities

There are 72 multi-purpose centres including rural areas

CEMETERIES

The overall objectives of this function are to provide and control burials within the framework of the Health Act.

Strategic Objectives

- The development of multiple cemeteries within Senqu Municipality
- Control and maintenance of cemeteries

Nature and extent of facilities provided

Cemeteries

- Barkly East 3 facilities and 124 burials
- Lady Grey 3 facilities and 112 burials
- Sterkspruit (urban) 1 facility and 3 burials
- Rhodes 2 facilities and 9 burials

SPORT AND RECREATION FACILITIES

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Senqu Municipality

Strategic Objectives

- Repairs and maintenance to existing building at sportsfields within Senqu Municipality
- Levelling and planting and cutting of grass Lady Grey – 104 012 square metres; grass cut including sidewalks
- Upgrading of rural sportsfields

Nature and extent of Facilities provided

Sport and Recreation facilities

- | | |
|-----------------------|---------------|
| • Barkly East | 2 facilities |
| • Lady Grey | 3 facilities |
| • Sterkspruit (urban) | 1 facility |
| • Sterkspruit (rural) | 46 facilities |

PARKS AND PUBLIC OPEN SPACES

The overall objectives of this function are to provide and maintain parks and open spaces creating a pleasant environment for the communities.

Strategic Objectives

- The pruning of the trees along municipal streets within Senqu
- Regular cutting of grass on sidewalks and open spaces
- Cutting of old trees at Rhodes which threatened to be a danger to the community

COMMONAGES

The overall objectives of this function are to manage commonages within Senqu Municipality.

Strategic Objectives

- To maintain and repair fencing on commonages at Barkly East and Lady Grey
- To try and get farms for Barkly East commonage users which is over grazed

WASTE MANAGEMENT: SOLID WASTE SECTION

Strategic Objectives

- Regular refuse removal to all households once a week
- Regular refuse removal at commercial businesses twice a week
- Daily street cleaning
- Maintenance of vehicles and implements

Nature and extent of facilities provided

Number of households receiving regular removal services and frequency and cost of service.

- Remove by Municipality at least once a week: 8002 cubic metres
- Remove by Municipality less often
- Clearing of illegal dumping in open spaces
- Own refuse dump: 4

Total and projected cubic meters of all refuse disposed

	<u>Current</u>	<u>Future</u>
Domestic / Commercial	4 432	5000
Garden	2 253	3600

Total number, capacity and life expectancy of refuse disposal sites

	<u>Capacity</u>	<u>Lifespan</u>
Domestic / Commercial (4)	8 000m ³	20 years
Garden (4)		20 years

Anticipated expansion of refuse removal services

	<u>Capacity</u>	<u>R(000s)</u>
Domestic / Commercial (1000 new households)	1000	20 years

Free Basic Services Provision

	<u>Capacity</u>	<u>R(000s)</u>
<ul style="list-style-type: none">Quantity (number of households affected)Quantum (value to each household)	2223	R74.65 pm

Total Operating cost of solid waste

	<u>R(000s)</u>
Management Function	6046

Performance Indicators

- Regular refuse removal to all households once a week

All households provided with regular refuse removals once a week in urban areas

- Regular refuse removals at commercial businesses twice a week
- Daily removal during the December holidays in commercial businesses particularly Sterkspruit
- Daily street cleaning

Street been cleaned daily with assistance of volunteers

- Maintenance of vehicles and implements

Vehicles and implements are maintained in good order

- Establish one registered solid waste site in Sterkspruit

Future planned action

HEALTH (CLINIC) SECTION

Background

The service is responsible for the provision of Clinic Services at the Robert Mjobo Clinic at Lady Grey.

The function for the provision of community health clinics within the municipality is administered as follows and includes:

- Agency relationships with the Provincial Department of Health of the Eastern Cape
- Unit management including in-service training to staff
 - Reporting daily activities
 - Monthly reports/statistics
 - Quarterly reports

The overall objectives of this function are to ensure a healthy environment and to ensure that primary health services and facilities are available

Strategic Objectives

- Ensure optimal primary health for all citizens
- Investing in the training of staff in order to ensure development of skills, thereby contributing to quality in-service delivery
- Regular HIV/AIDS forum meetings
- Training of HIV/AIDS peer educators
- Water quality monitoring program by the Ukhahlamba District Municipality and they provide reports
- Inspection of business premises to ensure food preparation is done within health requirements. Done by Municipal Health District Municipality and provide reports.

LOCAL ECONOMIC DEVELOPMENT SECTION

Background

This section is responsible for all activities associated with Economic Development activities. It is responsible for:

- Organizing meetings and workshops involving economic development, planning organizations and SMME's (e.g. training and lending organizations).
- Analysing and reviewing all by-laws and/or legislation, which appear to retard or promote economic growth and development, in order to be able to make contingency plans.
- Analysing land accessibility, availability and infrastructure in order to discover the most appropriate areas in which to drive the concept of economic development.
- Developing strategies through research studies within similar framework, to ensure programmes success.
- Developing action plans to ensure programmes success.
- Interacting with community forums to promote SMME development.
- Promoting the development of existing strategic sites within the Municipality by marketing them to developers.
- Formulating an informal trading policy and promote trading facilities.

Strategic objectives

To stimulate economic growth through:

- a) SMME development
- b) Capacity building
- c) Formulation of economic development strategy
- d) Facilitation and promotion of investments
- e) Mobilizing development stakeholders
- f) Collecting development information and research.

Current Projects

<u>Detail</u>	<u>Total</u>
a) Barkly East disabled	R100 000
b) Masakhane Rossouw Agricultural Project	R400 000
c) Lady Grey LED	R200 000
d) Rural commonage	R250 000
e) LED strategy	R280 000
f) Brick making	R300 000
g) Commonage management plan	R112 500
h) Holo Hlahatsi agricultural	R400 000

Benefits of Projects

- Short-term employment
- Long-term employment
- All are direct municipal initiative

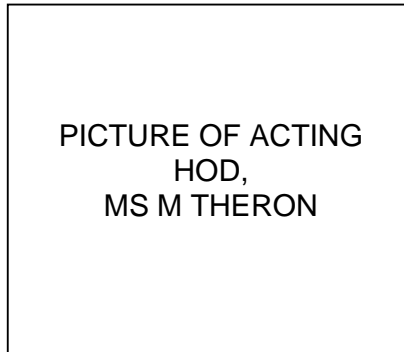
MIG GRANT FUNDING

COMMUNITY AND SOCIAL SERVICES: THREE YEAR + CAPITAL PLAN (OWN FUNCTIONS) MIG As at June 2008

Project Name	Status	Total value
Senqu Cemeteries	70%	4,000,000
Solid Waste Site-Sterkspruit	0%	2,736,000
Establishment of pounds-Senqu (Design complete)	5%	650,000
Upgrading of Sport Facilities in Sterkspruit	0%	3,568,656
Construction of 4 Community Halls	0%	5,000,000
Construction of Solid Waste Sites (Rhodes & Herschel)	0%	2,311,639
3 x Community Centers	0%	1,000,000
Construction of 12 Community Centers (2nd Application)	0%	815,073
Upgrade of Sterkspruit Disposal Works	0%	6,000,000
Construction of MPCC at Coville	0%	259,623
Construction of 15 shearing sheds-Phase 2-Herschel rural	0%	3,200,000
Construction of 6 community centers (Ph2)	0%	1,500,000
Construction of 10 community centers(ph3)	0%	3,000,000
Construction of 16 Community Halls	0%	6,000,000

It should however be noted that the above is evaluated yearly and may change dependent on circumstances.

5.2. CORPORATE SERVICES DEPARTMENT



Mr Lumka`s services have since been terminated. Ms M Theron has assumed the post in a Acting Capacity.

OBJECTIVE

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development.

VISION STATEMENT

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

MISSION

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

ROLE AND FUNCTION: KEY FOCUS AREAS

- To provide Human Resources support and maintain sound labour relations.
- To provide Administrative and Council Support
- To provide legal support, contract and property management services
- To co-ordinate and manage Employment Equity issues, Skills Development and Training
- To provide adequate Housing Delivery
- To provide and maintain a safe environment by providing efficient, effective and professional Traffic/Law Enforcement functions

Human Resources

Human Resources : Benefit Administration
 Recruitment & Selection
 Organisational Development and Structure
 Staff Provisioning
 Employee Assistance Programme
 Policy Development

Objectives (2007/2008)

- φ Train and develop staff and Councillors
- φ Employment Equity Planning
- φ Review of Labour-related issues
- φ Develop strategies to deal with scarcity of skills and to reduce staff turnover
- φ Annually review organisational structure to enhance organizational efficiency in order to enable Senqu Municipality to achieve its strategic objectives
- φ To finalize submission of any new, revised and uncompleted job descriptions for the second round job evaluations to PJEC (Region 2)
- φ Educate all unit supervisors on the Employee Assistance Programme
- φ Strengthening of internal campaigns to educate employees re HIV/AIDS
- φ Management and maintenance of policies and research and provision of management support

Labour/Employee Relations

Strategy 2007/2008

Ensuring the implementation of Labour Relations policy and practices in a manner, which is just and fair.

- Focus on developing and growing the capacity of staff and management
- Capacity-building to enable effective Chairing/Presidency of disciplinary matters – in respect of the roles of prosecuting, formulating charges for disciplinary enquiries, handling conciliations and matters of arbitration.

Skills Development

This function ensures the planning and execution of skills development by ensuring that the Workplace Skills Plan is implemented.

Total Training budget for the period in review was R731 977.87 and levies paid amounted to R170 806.30, which were paid over to LGWSETA.

Objectives 2007/2008

- ϕ Workplace Skills Plan 2007/2008
- ϕ Implementation of planned Learnership / Internships / In-Service programmes
- ϕ Development of skills base and development of capacity-building programmes (Sept 07 and June 08)
- ϕ Submission of Implementation Plans (June and September 2007)
- ϕ Implementation of further training for GAMAP implementation (further grant received from LGWSETA)
- ϕ Progress in respect of ABET and the establishment of accessible ABET Centres (numeracy and basic communication in English)
- ϕ Implementation of learning programmes that will further enable employees to acquire skills and qualifications to enhance their performance, whilst optimising Senqu's functioning.

φ Conduct the following training programmes:

Management and Staff	Councillors
Effective Business Writing & Meeting Management Supply Chain Management Internal Auditor Learnership ABET Skills Development and EE Disciplinary Enquiries Project Management HR Management Performance Management OHS Workshop	Councillor Development Program Introduction to Computers Performance Management Delegation Framework Workshop Ward Committee Training Leadership & Management

Students/Intern appointments

STUDENT	POST	QUALIFICATION
Finance Dept		
Nomawabo Ntlani	Creditors Clerk	N3 Matric
Andiswa Jamda	Cashier	ND Accounting
Nontsikelelo Qithi	Cashier	N3 Matric
Ndumiso Nombuyiselo	IT Intern	ND IT & Bus Admin
Corporate Services		
Neo Moea	HR Intern	ND HRM
Chabedi Kelebhone	HR Intern	ND HRM
George Ntombifuthi	Admin Asst	N5 HRM
Municipal Managers Dept		
Nomngcayi Bongelwa	LED intern	ND Business Man
Siphambo Bahandwa	LED intern	ND Small Bus

General Comments

- Challenges regarding the ongoing commitment to ensure attendance of ABET classes.
- Access to accessible ABET facilities/centres.
- Capacity of senior staff to manage Labour Relations (handling of disciplinary enquiries, conciliation and arbitration)
- Training delivery well received.
- Training on OHS Compliance

Planned Projects for 2008/2009

- Implementation Human Resources Strategy
- Reviewal of Organogram
- Development /Reviewal of Policies - per AG's report

Employment Equity

All Employment Equity reports have been submitted in accordance with prescribed legislation.

Employment Equity is considered to be moving in the right direction. Middle management is fairly represented in respect of designated groups and women. At senior management level, the designated group dominates 60% of the positions: 2 African males – 1 African Female – 2 White males.

The Employment Equity report continues to show progress towards meeting the overall goals as highlighted within the Employment Equity Plan.

Objectives 2007/2008

- φ Employment Equity Plan and Report for 2007/2008.
- φ Analysis report of gaps in plan
- φ Review/Assess Employment Policies, Practices and Procedures

Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

During 2007/08, no occupational injuries were reported.

Objectives 2007/2008

- φ Monitor usage of safety equipment and assessment of risk areas.
- φ Health & Safety Committee Meetings occurring as scheduled.
- φ Submission of compliance/assessment reports.

Challenges

Ensuring that safety compliance occurs and same is implemented.
No budget allocation for OHS activities.

General Administration and Council Support

To ensure that the archives function is effectively and correctly managed.

Objectives 2007/2008

- Application for approved File Management Plan from Provincial Archives
- Improve efficiency and effectiveness of Council agendas and minute taking processes
- Provision of logistical and administrative support to Council
- Establishment and functioning of 16 Ward Committees
- Capacity Building/Training of Ward Committee members

PERFORMANCE MANAGEMENT

To ensure that a performance management system is applied within all designated areas and within service delivery mechanisms, as per legislative requirements.

Objectives 2007/2008

- Performance Management System to be implemented effectively from top to middle management.
- Introduction and Implementation of Service Delivery and Budget Implementation Plans.
- Establish an independent performance audit committee to assess performance of Managers.

Challenges

- Funding & capacity
- Performance approvals/evaluations were not conducted in the first quarter.

- Performance Management System (phased-in approach) to middle management
- Development of Policy PMS procedure regarding incentive Scheme

PUBLIC SAFETY : TRAFFIC MANAGEMENT/LAW ENFORCEMENT AND RELATED FUNCTIONS

Ensuring that Road Traffic Act and related functions are performed according to strict policy and adherence to legislation.

Objectives 2007/2008

- Promotion of effective, efficient and professional Traffic Control and Law Enforcement service to the community
- Increased learner drivers' licenses by 40%.
- Law Enforcement focus and drives to educate public.
- Improve revenue – drivers licensing Training Centre in Sterkspruit
- Improve safety in Senqu Municipal area
- Improve infrastructure at Traffic Testing Station

General Comments

- Learners license figures escalated by 60%.
- Driver's license issues increased dramatically.
- More shortage of staff impacts on ability to perform law enforcement function
- Road Traffic signs were installed in the municipal area
- Database upgraded and maintained

Challenges

- * Issuing of fraudulent drivers licenses and issuing of licenses in exchange for sexual favours
- * Lack of accountability due to dual reporting relationship (Finance and Corporate Services)
- * Misuse of municipal property in the roadworthy testing facility.

HOUSING AND ESTATES

Promotion of Housing Policy and Provision of low-cost housing through low-cost housing subsidy.

Total allocated budget was x3 Housing Projects	R20 381 437
(Accrued saving/further budget allocations spent)	R 7 615 949
	R40 040 213

Objectives for 2007/08

- Compile and lodge Township Registers for Rhodes, Fairview, Lady Grey, Rossouw and Sterkspruit
- Develop a housing policy and housing sector plan
- Eliminate housing backlogs by 20%

Challenges and General Comments

- The compilation of township registers were affected by slow process of opening township registers – registers were opened at various stages
- Three housing projects financed by Dept Housing, Local Govt and Traditional Affairs underway. The projects are at various stages of completion – detailed as follows:

Kwezi-Naledi

1000 Project (Municipality is the appointed developer)

- 90% completed;
- 18 units still to be constructed
- Beneficiaries occupancy is at 650
- 18 Units remain unbuilt due to material supply delays
- Beneficiaries allocated have not come forward to claim houses on completion

Herschel

700 Project (Municipality is the appointed Developer)

- 505 houses have been completed
- Beneficiary occupancy is at 497
- Difficulties in locating original allocated beneficiaries
- Plans in process to locate alternative beneficiaries
- Township establishment has been submitted to Bhisho for approval

Hillside Housing

600 Project (Developer Women in Construction)

- New contractor was appointed
- 603 Units have been completed
- Plans in place to rectify defects
- Bridge that was washed away has been re-constructed

Rhodes Renovation of 30 RDP Units

- NHBC appointed a Contractor to renovate the houses
- Poor workmanship and lack of commitment of Contractor slowed project down
- Defects were identified and submitted to the NHBC

Renovation 200 RDP Units Herschel/Orangefontein

- The District Municipality has renovated all 200 units, though some defects have been identified in some of the houses
- 169 Original Title Deeds were received for these houses
- The access road remains a challenge in this area

Challenges

- HIV/AIDS Crisis – more elderly and orphaned children.
- Infrastructure – limited capacity of bulk services to meet new developments
- Variations between National & Provincial norms, standards and consequent available funds
- Slow development and land identification processes

Legal Services Contracts and Property Management

Provides legal support service, this includes but is not limited contract law, litigation, property law.

This service is provided directly and indirectly through a range of Law Firms contracted to the Municipality.

Challenges

- Labour Law related and land-related disputes.

5.3. TECHNICAL SERVICES

PICTURE OF HOD
R Crozier

Objective

The overall objective of the Technical Services Department is to supply efficient, effective and economical services to the community that it serves.

Vision

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

Mission Statement

The Technical Services Department will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation.

Key Focus Areas

The Senqu Municipality has the following powers and functions in respect to Key Focus Areas of Technical Services to the community:

- 1) Electricity distribution – licensed areas only
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning – Building Control, zonings, consolidations, sub divisions, spatial development

6) Water Provision – Bulk, treatment and reticulation

7) Sanitation – Sewerage removal and treatment

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until June 2008 by the Ukhahlamba District Municipality, who are the Water Services Authority.

The department is responsible for the ongoing operation and maintenance of the above services, as well as capital projects undertaken under “own powers & functions”. It should, however, be noted that water and sanitation capital projects fall under the Ukhahlamba District Municipality.

FUNDING

The operation and maintenance costs are funded through the municipalities internal funding, which is derived from service charges, equitable share allocation under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants).

ELECTRICITY & STREET LIGHTING

Section Objectives

- Provide electricity to 1 713 residential and commercial consumers
- Provide public lighting to Sterkspruit, Lady Grey & Barkly East
- New connections done on request in licensed areas (17) – connections are done on request
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future
- Maintenance of existing public lighting – 182 streetlight repaired - 329 faults attended to
- Extension of public lighting systems - 40 new units of Streetlighting installed at Hershel
- Maintenance and renewal of public buildings electrical installations, when required – 1km line upgraded in Barkly East and 52 km graded in Barkly East, Sterkspruit and Lady Grey, 1550km line upgarded in Barkly East and Sterkspruit
- Purchase of a vehicles /tools and equipment

ROADS AND STORMWATER

Section Objectives

- The maintenance and reconstruction of gravel and surfaced roads - 28 KM road rehabilitated, 52 km graded in Barkly East, Sterkspruit and Lady Grey, 300 potholes repaired
- The construction of sidewalks
- The construction of storm water systems

- The construction of bridges and river crossings – motor bridge constructed: Skizana
- Maintenance of road furniture
- Planning and design of new projects
- Purchase of new plant
- Skills development /empowerment / job creation - created 128 temporary jobs

WATER

Section Objectives

- The Senqu Municipality has been appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality on an annual basis until the Section 78 process is completed.
- Water purification is undertaken at Lady Grey, Barkly East & Rhodes – 2 822982 KL water purified
- Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw
- Sterkspruit water is supplied by Bloemwater but reticulated by Senqu
- Potable water is reticulated to 5 907 households within the Senqu area of appointment
- New connections are done upon application – 15 new connections, maintenance /repair/ serviced – 54
- Infrastructure is the responsibility of the Water Services Authority
- Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems

SANITATION

Section Objectives

- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- New connections are done upon request as there is no real backlog although a large percentage are below RDP standards – 15 new connections
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served:1326
- Buckets and below RDP standard - : 3013
- Conservancy tanks - 189
- Urban VIP's –257
- Customer care: attended to 1038 complaints and 38 blockages
- The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods

- A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas

TOWN PLANNING AND BUILDING CONTROL

Section Objectives

- Application of legislative issues - 16 Building Plans approved, 1 rezoning approved and 13 subdivisions approved.
- Control of land use
- Building safety
- Environmental protection
- Spatial development

THREE YEAR + CAPITAL PLAN (OWN FUNCTIONS) MIG
As at June 2008

Project Name	Status	Total value
Senqu Cemeteries	70%	4,000,000
Construction of access roads - Wards 7,8,9 & 12 (Phase 2)	0%	10,623,364
Construction of access roads-Wards 1, 2 & 3 (Phase 1)	0%	4,623,364
Stormwater Channel in Kwezi Naledi - Lady Grey(Budget adjustment – Phase 2)	0%	1,500,000
Solid Waste Site-Sterkspruit	0%	2,736,000
Sterkspruit Taxi Rank-Phase (Design complete-Land Issue)	5%	5,000,000
Establishment of pounds-Senqu (Design complete)	5%	650,000
Paving in Barkly East Phase 1	0%	4,500,000
Paving in Lady Grey (Ph2)	0%	1,000,000
Upgrading of Sport Facilities in Sterkspruit	0%	3,568,656
Sportfield Lighting (BE & LG)	0%	2,000,000
Construction of 4 Community Halls	0%	5,000,000
Construction of Solid Waste Sites (Rhodes & Herschel)	0%	2,311,639
3 x Community Centers	0%	1,000,000
Construction of 12 Community Centers (2nd Application)	0%	815,073
Project Management Unit	Ongoing	1,829,050
		51,157,146
Construction of Access Roads-Wards 4,5 and 6	0%	20,000,000
Construction of Access Roads-Wards 7,8, 9 & 12(Phased)	0%	47,718,900
Construction of Access Roads-Wards1,2 & 3(Phased)	0%	11,376,636
Construction of Access Roads-Wards 10,11 & 13	0%	10,000,000
Sterkspruit Taxi Rank (Phased)	0%	8,000,000
Construction of MPCC at Coville	0%	259,623
Increase height & Width of Transwilger bridge	0%	1,500,000
Construction of 15 shearing sheds-Phase 2-Herschel rural	0%	3,200,000
Construction of 6 community centers (Ph2)	0%	1,500,000
Construction of 10 community centers(ph3)	0%	3,000,000
Construction of 16 Community Halls	0%	6,000,000
		165,327,505

THREE YEAR + CAPITAL PLAN (WATER & SANITATION) WSA FUNCTION
As at June 2008

Project Name	Status	Total value
Herschel Sanitation Disposal and reticulation (housing)	90%	7,179,555
Lady Grey Bulk Water Supply	0%	25,450,044
Lady Grey Bucket Eradication (Informal Area)	0%	6,500,000
Barkly East Bucket Eradication	80%	29,640,000
		68,769,599
Rossouw Feasibility Study	0%	100,000
Upgrade Lady Grey WTW & Reservoir	0%	20,000,000
Upgrade of Sterkspruit Disposal Works	0%	6,000,000
Bulk water supply to Sterkspruit	0%	150,000,000
Rehabilitation of Barkly East WTW	0%	7,000,000
Rehabilitation of old ponds in Lady Grey	0%	800,000
Bulk water supply in Rossouw	0%	800,000
Sanitation to all Rural schools	0%	25,000,000
Upgrade LG Dam line & WTW & Reservoir & Silt Weirs	0%	8,000,000
Installation of water meters (all areas)	0%	4,500,000
Telemetry	0%	34,000,000
Weir, pump station and ring feed - Rhodes	0%	2,500,000
Rehabilitation of Barkly East Reticulation System	0%	22,000,000
Orange River Agricultural Scheme	0%	1,500,000,000
Fencing of dams (Rhodes, Barkly East and Lady Grey)	0%	1,200,000
Rural Sanitation	0%	80,000,000
Rural Oxidation Ponds (Dumping)	0%	6,000,000
Agricultural Water Supply in Rhodes	0%	1,800,000
Electrification of rural pumps	0%	10,500,000
Sanitation at Mokhesi (Waterborne)	0%	12,000,000
TOTAL		1,930,669,599

It should, however, be noted that the above is evaluated yearly and may change dependent on circumstances. Some community services appear on the above due to the fact that they are funded by the Municipal Infrastructure Grant (MIG).

5.4. TREASURY DEPT

PICTURE OF HOD
C VENTER

Objective

'The overall objective of the Budget and department is the provision of Management Support and guidance to staff and Councillors, managing of assets, managing the budget and managing revenue and collection of debtors.'

Vision Statement

The financial management of the resources of Senqu Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality.

Mission Statement

The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu Municipality.

Key Focus Areas for this Department are :

- ◇ Revenue Collection/Income Generation
- ◇ Expenditure
- ◇ Budgeting
- ◇ Accounting and Reporting
- ◇ Information Technology
- ◇ Assets and Stores
- ◇ Motor Vehicle Licensing
- ◇ Compliance with MFMA Act 56 of 2003

Overall objectives are to improve and refine functioning within each of these areas.

Key Performance Indicators

These will be examined under each subsection as follows :

Revenue Collection/Income Generation

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The structure is currently set up so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

The Key Performance Indicators are:

- Annual reconciliation of Valuation Roll.
- Annual reconciliation of Assessment Rates.
- Annual billing of Assessment Rates.
- Complete General Valuation of Farms.
- Valuation Board assessing objections.
- Certify General Valuation Roll.
- Implement General Valuation Roll.
- Do survey of infrastructure & services on farms.
- Monthly updating consumer database.
- Maintain & Implement Credit Control & Debt Collection Policy
- Put plans intervention strategies in place to enhance revenue
- Maintain and implement financial policies & procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control & Debt Collection;
- Cash Management, Banking & Investment.
- Appointment of Accountant Income
- Monthly selling & control Pre-paid Electricity.
- Monthly reading of Water & Electricity meters
- Accurate monthly billing of accounts.
- Monthly delivery of consumer accounts.
- Daily receipting of all revenue.
- Daily banking of all revenue.
- Secure all revenue collected.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection
- Develop Rates Policy;
- Consult community on Rates Policy;
- Implement Rates Policy;
- Develop & promulgate Rates Policy By-Law

Expenditure and Control

This function is situated in Lady Grey and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure (Levels and quality)
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annually update & maintain council's insurance portfolio.
- Monthly updating & maintaining Council's investments.
- Update & implement financial policies and procedures :
 - Supply Chain Management;
 - Loans & Contractual Agreements;
 - Assets Management & Insurance;
 - Cash Management, Banking & Investment.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.

Budgeting

The annual compilation of Council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of Council's Integrated Development Plan (IDP). This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date.

The Key Performance Indicators are:

- Compile & publish budget time schedule
- Establish & publish committees & consultation forums.
- Outreach programme to all wards.
- Review & prepare:
 - Integrated Development Plan (IDP);
 - Service Delivery Agreements;
 - Delegations;
 - Budget Related Policies;
 - Operational & Capital Budget

- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
- Budget & Supporting documents to:
 - National Treasury;
 - Provincial Treasury;
 - Publish and website
- Service Delivery & Budget Implementation Plan (SDBIP).

Accounting and Reporting

- Daily & monthly updating of accounting records.
- MFMA required reporting to:
 - National Treasury;
 - Provincial Treasury;
 - Accounting Officer;
 - Executive Committee;
 - Municipal Council
- Monthly reconciliation of supporting registers:
 - Funds;
 - Loans;
 - Assets;
 - Banks;
 - Investments;
 - Debtors;
 - Creditors; and
 - Income & Expenditure.
- Compilation of annual financial statements.
- Compilation of annual report for Department: Budget & Treasury Service.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.

Information Technology

Although not yet fully functional, this function is situated in Lady Grey from where all computer hard- and software used at all three administrative units are supported and maintained. The implementation and maintenance of Council's Geographical Information System is also part of this function.

The Key Performance Indicators set are:

- Maintain & upgrade of computer hard and software
- Secure computer hard and software services.
- Training to all staff in utilizing IT systems effectively.
- Develop IT policies.
- Update General Plans (GP's)
- Update Ownership / Title Deed information
- Update Valuation information
- Update Road & Street infrastructure
- Update Geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.
- Develop & maintain municipal Website.

Assets and Stores

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar-coding all movable assets. The Key Performance Indicators set are:

- Recording & Marking (Bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revalue fixed assets.
- Preparing for conversion to GRAP – Legal requirement by 2009

Motor Vehicle Licensing

Apart from the roadworthy's, driver's licenses, etc, performed at the Grade A Traffic Test Station situated in Barkly East, the NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Plans are in place to extend these facilities to the Sterkspruit administrative unit.

The Key Performance Indicators set are:

- Avail facilities for the licensing of motor vehicles.
- Maintain and perform National Traffic Information System (NaTIS) on behalf of the Department of Transport
- Establish Motor Vehicle Registration facility in Sterkspruit – Awaiting approval from Department of Transport
- Train staff to operate Natis System.

OVERSIGHT REPORT FOR THE PERIOD 2007-2008

1. Background

It is required of the Municipal Finance Management Act, Act 56 of 2003 that Council consider its Annual Report and based on the analysis and evaluation thereof, that it prepare and adopt an Oversight Report. The following Oversight Report is presented for the period 2007-2008.

2. Analysis of the 2007-2008 Annual Report

The information contained within the 2007-2008 Annual Report was duly examined, whilst taking cognizance of the Auditor-General's Annual Report. Following this discussion, the extent to which the strategic objectives of each department were met as against their limitations will be briefly discussed.

2.1. Auditor-General's Report on Annual Financial Statements (ending June 2008)

a) Revenue

A qualified opinion was obtained due to the amount of electricity losses experienced, which were not able to be attributed to normal technical distribution losses and as a result, caused an understatement of revenue debtors of R1.69Million at a tariff of R0.4380 per kilowatt per hour.

Whilst this has been acknowledged, it is evident from the Technical Manager's response to this qualification that every conceivable step has been taken (within the confines of financial constraints and otherwise) to ensure that electricity losses are minimized. Within the account of strategic objectives which follows the Auditor General's report a detailed analysis of action taken will be provided.

b) Non-compliance in respect of s77 of the Municipal Property Rates Act (No 6 of 2006) requiring updates twice annually. Property rates income was understated.

Completion of the Valuation Roll updates is set to rectify this immediate situation, with constant follow-ups being planned to ensure accurate record-keeping.

Irregular Expenditure

c) Failure to compensate tourism re s67 of MFMA. These monies owing will be reimbursed as required.

- d) Provision of the Mayoral Housing Allowance in direct contravention to relevant legislation. This provision will be required to be reversed.
- e) Failure to disclose the irregular expenditure of R0.7Million within the financial statements. These figures will be remedied and disclosed in future statements.

Provisions

- f) Failure to meet the provisions of s28 of the National Environmental Management Act, No 107 of 1988, by restoring landfill sites. Improved record keeping and financial provisions will be made to ensure adequate resources to fulfill these obligations.

Other Matters

- g) Internal Controls and improved Risk Management procedures and controls are required in order to improve information flow, record keeping and controls.

Non-compliance with the following pieces of legislation and activities have contributed towards audit qualifications and require immediate counter-action :

- Non-compliance re Sterkspruit disposal site;
- Non-disclosure of loss within financial statements;
- Failure to record and recover private telephone costs;
- Non-compliance re x53 and 70 of MSA on delegation of powers and duties and the Code of Conduct for staff;
- Non-compliance with Code of Conduct for staff and Councillors
- Non-adherence to Municipal Investment Regulations re prohibited investments and types of investments.
- Non-adherence to VAT Act re tax invoices.

It is fair to say that Senqu Municipality intends to deal with these issues through the appointment of an Audit Committee that will, in turn, drive the development and implementation of the Audit Plan, which will specifically focus on and address all issues highlighted within this report – ensuring compliance at every level.

Matters of Governance

Internal Audit

- h) In respect of the findings related to risk management and control, it was established that :
- The internal audit function had not substantially fulfilled its responsibilities for the year as set out in s165(2) of the MFMA.

This issue will be addressed through the development and implementation of the Audit Plan.

Other matters of governance

- i) The annual report was not submitted to the auditor for consideration prior to the date of the auditor's report.
- j) The financial statements submitted for audit were subject to material amendments as a result of the audit.
- k) Significant difficulties were experienced during the audit in respect of delays and the unavailability of expected information and the unavailability of senior management.

These issues will be addressed through the development and implementation of the Audit Plan.

Other Reporting Responsibilities

Audit Findings (Performance Information)

Non-compliance with regulatory requirements

- l) Non-submission of a performance report for audit purposes..
- m) Non-compliance with submission of performance information in respect of:
- s30 of the MFMA (No 32 of 2000) in respect of the drafting of the IDP (responsibility of drafting IDP to Municipal Manager)

- s26(c)(d) and (h) of the MSA – alignment of strategies and development of financial plan with 3-year budget projection.
- s36 of the MSA – in respect of informing the community of the implementation of the IDP.
- Regulation 8 – adoption of the PMS before or at the same time as setting KPI's and targets from IDP;
- s40 of MSA – establishing mechanisms to monitor and review the PMS.
- MFMA s54(1)(c), 71 and 72 relating to revisions of the SDBIP.
- MSA s41; Reg 13 – relating to quarterly performance reviews.

The IDP including performance targets as per s26(1) of the MSA.

In this regard, all issues relating to Performance Management will be resolved through formal structures and will form part of the brief of the Audit Committee to ensure compliance. The Audit Plan will also give effect to the steps required to address the shortcomings and qualification as detailed above.

n) Lack of sufficient appropriate audit evidence

This will again be addressed by the Audit Plan through the establishment of the Audit Committee.

2.2. The Extent to which Departmental Strategic Objectives have been met (2007-2008)

Each department will be examined with due reference to their success in making strategic objectives and this data will be summarized in the following order :

- Municipal Manager's office
- Budget & Treasury
- Technical Department
- Community Services Department
- Corporate Services Department

a) Achievements of the Municipal Manager's Office

Whilst it is acknowledged that this department provides an overall picture incorporating successes and challenges from all other departments, it provides in effect, an overall summary of all pertinent issues.

The following issues are of particular note :

- Efforts have been made to engage with communities through Mayoral Outreach Programmes and programmes relating to IDP and budget reviews.

A communication plan and strategy has also been started in order to facilitate communication between all parties. Certain challenges still remain due to financial constraints relating to printing costs and advertising, however great strides have been made.

- The IDP has been successfully reviewed and all related Budget Policy, SDBIP alignment and reporting processes and mechanisms have been satisfactorily completed.
- Service Delivery has greatly improved and targets have generally been well achieved.
- The LED Strategy Implementation has been successfully achieved and opportunities for economic growth and development are strongly on the increase – requires implementation and monitoring .
- The Housing Policy is being implemented and so too the provision of low-cost housing.
- Performance Management while successfully implemented at s57 Management level requires roll out to lower levels.,
- The PMS Audit Committee is still required to be formally established.
- The Internal Audit Committee has been established and has resulted in the development of the remuneration Policy and the appointment of a Remuneration Committee and a Register of Interest.
- Codes of Conduct have been presented to staff and Councillors and this, together with the implementation of the roles and responsibilities of the Delegations Register are contributing towards improved organizational efficiency - Efforts will be made to correct the process and to engage with communities through media adverts to view the

documentation at strategic units within the Municipality and during Mayoral Outreach Programmes and programmes when IDP and budget reviews are again performed in the 2008/2009 financial year to ensure compliance.

- Establish baseline to determine financial viability and monitor debt coverage and expenditure control --Risk Management Plans have as a result to be developed to manage the Fraud Prevention Policy and the Anti-Fraud and Corruption measures being adopted by Council.
- Public Participation remains a challenge and policy and controls are required to ensure improved application.
- In terms of general administration it must be acknowledged that the Annual and Oversight reports and Mid-Performance reports were submitted timeously.
- Organizational restructuring remains a challenge and a Turnaround Strategy is envisaged in order to address the organizational structure and skills shortages and to deal with the exodus of skilled staff.
- Contract Management has been a great success and all contracts, agreements and plans are reviewed annually.
- Compliance in terms of EE Reporting, WSP, Appointments and Procurement have all been met.
- GAMAP/GRAP Exception has been granted until 2009, whilst financial policy requirements have been met.
- Baseline service delivery has been met in respect of free basic services, updated databases and compliance with National Directives relating to Health, Water, Sanitation, Electricity, Solid Waste and Strategic Management.
- Overall a sterling effort with wonderful achievements.

b) Finance (Budget & Treasury)

From the financial perspective, the Audit Report and discussion around areas of qualification (as discussed in section above), have reflected quite extensively on many of the strategic goals of this division.

However, in terms of meeting the strategic objectives, additional insight and observation will be made, as follows:

- Implementation of the MFMA has resulted in many challenges, not the least of which has been the need to capacitate staff. Accordingly, all management, senior

staff and all the Executive Committee members have been trained in terms of the requirements of the Act (now implemented).

- Financial staff have been trained in respect of the challenges of the MFMA, the new SCM regulations, Performance Management and IT.
- GRAP will be implemented fully during 2009 and all senior staff have been trained accordingly. Additionally, assistance has been obtained from external service providers, where this is deemed necessary.
- The IDP has been reviewed and SDBIP's have been developed and assessed quarterly as per requirements. Implementation reporting has been provided.
- Implementation of a comprehensive Information Technology (IT) system has been completed and the training of the employed IT/GIS Operator will continue in order to develop a certain level of independence and less reliance on the service provider.
- Cash Flow Statements were finalized.

Constant and remaining challenges relate to the management of interventions required to address issues raised within the audit report and the qualifications. In particular, emphasis and priority will be placed on improvement of risk management, financial management and internal controls. Additionally, strategies will be required in order to deal with sound financial management, expenditure control and easy and means to increase revenue and external funding.

c) Technical Services Department

On the technical services front and notwithstanding the qualification on the Auditor-General Report regarding unmeasured and unaccountable electricity losses, there have been many achievements during the period under review. These will be elaborated on as follows:

Electricity

Efforts taken to minimize electricity and water losses resulted in the following activities, which are aimed at the rehabilitation of the metering and networks in order to reduce losses and meet with compliance :

- Bulk meters have been purchased to be installed at all transformer points in order to monitor usage in sectionalized manner. It is expected that the accounting system will be adapted to accommodate these sections therefore resulting in a system that can be monitored monthly, quickly identifying problem areas.
- All the larger consumers have had new, modernized and tamperproof meters installed.
- 8x Sub stations have been made safe by correct earthing, oil containment (Environmental) and palisade fencing.
- VT's have been purchased to monitor the Kwh purchased from ESKOM and also to close the time windows for checking purchases against sales of units.
- BVI Consulting was commissioned to do an in-depth study of the metering and the networks in the 3 towns licensed to Senqu, which reported all the problems and solutions and costs involved.
- 750m of conductor was replaced in Sterkspruit (2007/2008) and 1000m of farm line was upgraded in Barkly East.
- Transformer oil was tested in all towns for reliability of insulation.
- Numerous service connection points have been replaced (Airdek).
- EDI Holdings was requested for financial assistance but had no funding.
- ESKOM was requested for assistance, but cannot do so, as it is not their networks.
- The BVI report and the Losses Action Plan have been forwarded to the NERSA.
- The next step is to approach the DME directly, but it is unlikely that they will assist, as this is not a new project.

From the above it can be seen that while steps have been taken and great strides made, these are insufficient due to inadequate resources.

It must also be noted that a Strategic Electricity Plan for Senqu Municipality has been developed and this will, through implementation, result in a Turnaround for the management of electricity usage and energy.

Water

With regard to the water, there is no accurate water balancing, as there are insufficient meters and the WSA is aware of this. They have requested lists of the required meters and have appointed a contractor to install them. Once this is done, water balancing and losses will become available. This is not unique to Senqu, but to the whole district. There are also large areas with no individual meters (basic charge only) that will still need to be addressed in order to get accurate water balance figures. As Senqu is the WSP only, this will have to be done through the WSA, as it is a capital project, of which they alone have control.

The Ukhahlamba District Municipality is currently over committed with their capital expenditure so it is unlikely that these meters will be installed soon.

Over and above this it is required that we acknowledge the political challenges which have presented themselves e.g. Indigent communities do not want meters and when installed, bypass or destroy them, as they are under the impression that they will have to pay more for water. This would be the case with certain individuals but not in general, as most are estimated to use less than 6kl/month. Education and outreach programmes would need to be engaged in order to reduce vandalism due to misconceptions.

A temporary package plant was installed in Barkly East, water purified was 2.822.982 kl, fault reportings were attended to, water meters were replaced and new water connections were made. Maintenance remains an ongoing exercise and limitations relate to funding, capacity and ageing infrastructure.

Roads & Stormwater

- Construction and rehabilitation of many roads and bridges has occurred and this in turn has facilitated the creation of 128 temporary jobs. Ongoing repairs and

maintenance has occurred and a bulk storm water control has been installed in Kwezi Naledi.

Additionally, 5.2km of streets have been graded.

Whilst progress has certainly been made, insufficient funding prevents major reduction in the access road backlogs.

Remaining challenges include :

The Roads Classification System needs to be completed. Gravel shortages in rural areas require alternative construction methods and access roads require sealing.

Sanitation

The following achievements require emphasis :

- The bucket eradication system has begun in Barkly East.
- Maintenance and operations are ongoing and are well handled.
- Limitations extend to financial and aged infrastructure e.g. old ponds in Barkly East requiring upgrading.

Town Planning and Building Control

- Building plans are received and processed, as are rezoning, subdivision and consolidation applications.
- A draft subdivision policy has been formulated for approval.
- Remaining challenges include :
 - Community land issues, additional land is required for development in Sterkspruit and Government departments do not appear to liaise with the municipality prior to the implementation of developments.

d) Community Services Department

This department and the achievement of strategic objectives will be reflected on independently within subsections.

Library Services

- Libraries have been upgraded to an extent and this includes library material, computers and the installation of electricity at Sterkspruit.

Infrastructure upgrades remain a challenge.

Community Halls and facilities

- Transwilger Hall at Lady Grey has been renovated.
- Two rural community halls at Majuba and Tapoleng are to be established and tender processes are under way.
- Multi-purpose centers have not been completed due to financial constraints.

Sportsfields

- Ongoing repairs and maintenance of sportsfields is ongoing.
- Planting of grass and its leveling has occurred at Lady Grey and Barkly East.
- 104 012m² grass cut, including cemeteries and sidewalks.

Remaining challenges include : Vandalism at sportsfields and stadiums. Assistance from the Sports Council remains inadequate.

Tourism

- Senqu Tourism was established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit.
- Township tourism, funding and measurement of progress within disadvantaged communities remain a challenge.

Local Economic Development

- The Gxothindlala project is under way and agricultural improvements have been conducted in rural areas in respect of ploughing fields and planting maize and wheat.

- Challenges remaining relate to droughts (which have delayed ploughing and planting), overgrazing (affecting commonages) and the incorrect purchase of plant and equipment which has incurred unnecessary costs (e.g. secondhand tractors).
- Within agriculture, LED Phase 1 Kwezi Lokusa Textile has been funded by DHLG & Traditional Affairs. Similarly, the Rossouw Agricultural Project has been funded by DHLG & T and great strides have been made.
- The brick-making project has finally been implemented and ongoing training and support provision is being provided.
- Preparations are currently under way for the Holo Hlahatsi agricultural projects.
- Sunduza Poultry project is 100% run by women.
- Masibambane Service Center in Barkly East has been established for old people and people with disabilities.
- Lucerne Project at Barkly East is functioning well and is also run by women who run a food garden as well.
- Sterkspruit sees the ongoing recycling and waste minimization project and
- Funding is now available by Thina Sinakho to make a study on peach production at Sterkspruit.
- Challenges include the Holo Hlahatsi Tourism project – extended to August 2008 due to land disputes, financial constraints, shortage of staff, lack of commitment from beneficiaries and material shortages.

c) Corporate Services Department

The Corporate Services Department has experienced a number of areas in which strategic objectives have been well met.

These include the following :

Administration and support

- Provision of all support services for the Council and Exco meetings and the intro-departmental support and liaison functions.
- Legal agreements, contracts and all rental agreements are maintained and filed effectively, but this remains an ongoing exercise.
- Currently applications have been made for Provincial Archives to review the current filing system. The challenge of a congested filing system remains and until the improved file plan is approved by Provincial Archives, the congested nature of the archives remains.
- The tender process has begun in respect of outsourcing a telephone management system and a service provider has been appointed.

The effectiveness and efficiency of the communication infrastructure remains a challenge and so too the abuse of the telephones (as per the Audit qualifications).

- Council approved meetings have been conducted as per schedule and the department must be commended on the effective and efficient manner in which minutes are taken and meeting agendas and notices distributed.

Housing Projects

Housing projects may be discussed separately as follows:

- Hillside Housing Project 600

This project is running smoothly after the appointment of Y Mkhaza Construction and all defects are being rectified.

- Kwezi Naledi Lady Grey Project

This project is 90% complete and the challenge experienced relates to shortages of materials, delays in funding and poor road access.

- Herschel Housing (700 Units)

505 of the 700 units have been completed and the township establishment has been submitted to Bhisho for approval. Almost all (497 of 505) are occupied and the

remaining houses have not been allocated due to vandalism. Access roads within the area still impede development and construction.

- Rhodes Renovation (30 RDP Units)

NHBRC has appointed a contractor to rectify the houses, however, poor workmanship and lack of commitment by the contractor have impeded negatively on construction. Defects have been identified and reported to NHBRC.

- Renovation 200 RDP Units (Herschel/Orange Fontein)

All 200 houses have been rectified and only 31 transfers are still outstanding.

Human Resources

- Training has been effectively achieved through the development of the WSP and Implementation reported through Implementation Plans.
- Employment Equity Reports have been submitted and policy updated.
- Strategies are in progress to deal with scarcity of skills and staff shortages.
- The organogram has been successfully reviewed and key strategic positions filled – further reviews will however take place during 2008/2009 financial year.
- It is recognized that Employee Assistance Provision is required to obtain greater coverage and support and so too education on HIV/AIDS.
- A great number of policies have been reviewed and updated – require proper implementation.

Labour Relations

- A great deal of Labour Relations Training has occurred and staff are better equipped to handle these issues. Disciplinary action against senior personnel has been finalized.

Skills Development

- Workplace Skills Plan developed and implemented as per plan.

- Implementation of planned learnerships and internships in areas of Finance, Corporate & Municipal Manager's offices.
- ABET facilities remain a challenge in terms of accessibilities.

Occupational Health and Safety

- Whilst this remains a challenge due to lack of funding and ensuring compliance during 2007/2008, no occupational injuries were reported and Health and Safety meetings occurred as scheduled.

Performance Management

- Performance Management System effectively implemented for s57 staff, but not yet cascaded further.
- SDBIP's completed as required.
- It is still required that Performance Management Reviews are conducted quarterly rather than annually.
- The System is currently being cascaded to middle management level and performance scorecards are being populated and agreements developed, it is planned that this process will be completed by June 2009.

Public Safety : Traffic Management/Law Enforcement and Related Functions

Many achievements within the review period as detailed:

- Learners license figures escalated by 60%.
- Driver's license issues increased dramatically.
- Road Traffic signs were installed in the municipal area and
- The database was upgraded and maintained.
- Continued challenges relate to shortage of staff and funding for infrastructure and maintenance.
- Fraudulent drivers licenses and the issuing of licenses in exchange for sexual favours is of great concern and is required to be eradicated.

3. **CONCLUDING REMARKS**

Having examined overall the degree to which the Annual Report reflects the issues and areas for correction raised during the Annual Audit, and the extent to which service delivery objectives are being met, this report is considered to be an accurate representation of events and issues that occurred during 2007/2008. As such it is recommended that Council adopt this Annual Report.

RECOMMENDED

That Council adopts the Annual Report for Senqu Municipality for the period 2007– 2008 as reflected in the Annual Report attached for this purpose.

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Senqu Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

Within Chapter 1 of this report, you were exposed to an overview of Senqu's geographic and demographic profile, as well as socio-economic factors that influence life within this region.

Chapter 2 has highlighted the key successes and challenges experienced by the more high profile service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

Chapter 3 provides insight into the organisation structure and changes required to ensure that Senqu Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

Chapter 4 represents an extremely detailed account of Senqu Municipality's financial health and wealth and includes all financial statements as public documents.

Chapter 5 provides comprehensive information on the functional areas of Senqu Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Notwithstanding the above it must be noted that the Annual Report does not fully reflect the challenges facing all departments within Senqu Municipality, nor would it, based on the information contained in reports from the various departments. This deficiency was highlighted in a Council meeting, which was held in order to evaluate the content of the Annual Plan. During discussions specific challenges were highlighted that should have been included in the main body of this Report.

In conclusion it must be noted that these concerns have been taken into account and the challenges which were not detailed, have now all been included in the Oversight Report. In this manner the perceived deficiencies have been rectified and we are able to note that the Oversight Report together with the Annual Plan, represents an accurate account of the operational status and activities that have occurred within Senqu Municipality.

Whilst highlighting successes, challenges and distinct progress in all areas of service delivery, the Annual Report of 2007 - 2008 and the Oversight Report for the same period, provide an accurate record that clearly illustrates the progress, growth, and development of municipal services and performance of Senqu Municipality.

GLOSSARY

<i>CBO</i>	<i>Community Based Organisation</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>DWAF</i>	<i>Department of Water Affairs and Forestry</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practices</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GRAP</i>	<i>Generally Recognised Accounting Practices</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>ILGM</i>	<i>Institute of Local Government Management of Southern Africa</i>
<i>IMPRO</i>	<i>Institute of Municipal Public Relations Officers</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LGSWETA</i>	<i>Local Government and Related Services SETA</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>NEPAD</i>	<i>New Partnership for Africa's Development</i>
<i>NGO</i>	<i>Non-Government Organisation</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SMME</i>	<i>Small, Medium and Micro Enterprises</i>
<i>TLC</i>	<i>Transitional Local Council</i>
<i>UKDM</i>	<i>Ukhahlamba District Municipality</i>

CREDITS

Senqu Municipality wishes to thank the following people for their contributions:

- The Mayor and Councillors*
- Office of the Municipal Manager*
- Manager: Corporate and Support Services*
- Manager: Community and Social Services*
- Manager: Technical Services*
- Manager: Budget & Treasury*
- Special Mention: Charmaine van Schalkwyk Consulting*